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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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YUGOSLAVIA

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INTERNATIONAL AFFAIRS

PROGRESSIVE COMMODITY STRUCTURE TO DETERMINE CEMA INTEGRATION

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 32, Nov 84 pp 1601-13

[Article prepared from a research paper submitted to the Institute for Economy and Politics of the Socialist Countries; Academy for Social Sciences under the CC SED. Contributors are: Hans Joachim Peters, Heiko Polten, Kurt Schickram, Bernd Scholze and Ulrich Thiede, under the direction of Heinrich Swoboda, Prof Dr of Economics, Deputy Director of the Institute for the Economy of the Socialist World-System with the same academy: "Socialist Economic Integration and Intensification in the National Economies of the CEMA Member Countries"]

[Text] The CEMA member countries have made important advances in the 1970's in their process of socialist economic integration. They are above all expressed by the countries in the socialist community of states having developed into the most dynamic economic region in the world. Based on stable and high economic growth, the scientific-technological potential of these countries has risen significantly. That was prerequisite to raising the material and intellectual-cultural standard of living. It once again confirmed that economic policy in socialism, rather than an end in itself, is a means for improving the people's standard of living. At the CEMA Economic Summit in Moscow, the top representatives of the communist and workers parties and the chiefs of government in the CEMA member countries observed in this context that "the countries of the socialist community, thanks to the selfless labor of the peoples under the guidance of communist and workers parties, substantially consolidated their economic, scientific and technological potential, carried out major social programs, ensured the stable growth of the peoples' living standards, the further development of science, education, culture, public health and social security. The cooperation of the fraternal parties and states has become deeper and more multifaceted. This made for substantial successes in the building of socialism and communism."*

On the threshold to the 1980's, internal and external reproduction conditions changed fundamentally. Strengthening the socialist economic capacity by a comprehensive transition to intensive extended reproduction became indispensable. The SED Program says about that: "Intensification of social production is the

*"Statement on the Main Directions of the Further Development and Deepening of the Economic, Scientific and Technological Cooperation of the CEMA Countries," "Wirtschaftsberatung des RGW auf hoechster Ebene vom 12.-14. Juni 1984 in Moskau. Dokumente" [CEMA Economic Summit, 12-14 June 1984, Moscow--Documents] Die Wirtschaft publishing house, Berlin, 1984, p 16.

main course for the GDR's economic development. It makes possible the performance improvement in the economy that is indispensable for raising the people's standard of living, for continual modernization and for the extension of the material-technological base of socialism in the GDR. What matters especially is to enhance the quality and efficiency of labor and to exploit to that end all opportunities in scientific-technological progress. Through science, techniques and technology we have to achieve high increase rates in labor productivity, save jobs and decisively improve the input/output ratio."*

It is understood that in this connection many questions are raised, such as about the future rate of economic growth, the further development of economic management, planning and stimulation, and the economic cooperation among the fraternal countries. Especially the question of the interrelationships between socialist economic integration and the comprehensive transition to intensive extended reproduction is becoming increasingly important, theoretically as well as in practice.

Furthering Intensification through Socialist Economic Integration

Most European CEMA countries in the 1980's are facing the task to perfect the material-technological base of socialism, develop the socialist production relations, and on that basis enhance their economic efficiency and the working people's material and intellectual-cultural standard of living in their countries. This calls not merely for a higher economic capacity; economic and social development in the 1980's has to be achieved under altered reproduction conditions. Setting aside specific manifestations of those reproduction conditions in the various countries, what is essential in it mainly lies in the following:
--The socialist mode of production has achieved such a developmental level that future tasks can only be solved on the basis of intensive extended reproduction.
--The relations between resource utilization and the outcome in the social reproduction process have changed to such an extent that enhancing production efficiency becomes the main source for the rate and scope of future economic growth.
—The importance effective foreign trade relations have for the dynamics and stability of economic growth has risen because of altered terms of trade.

The altered reproduction conditions mainly also include the consequences from the exacerbated international situation. In the new phase of the worldwide class conflict initiated by the most aggressive circles of U.S. imperialism it is especially important to strengthen the economic and scientific-technological potential of real socialism in order to ensure peace and security.

The CEMA countries' economic development in the early 1980's proves that in spite of the altered reproduction conditions economic growth is possible if the transition to intensive extended reproduction is enforced according to plan and the qualitative factors in economic growth connected with it are purposefully tapped.**

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*"Programm der Sozialistischen Einheitspartei Deutschlands," Dietz publishing house, Berlin, 1976, pp 26 f.

**E. Honecker, "In kampferfuellter Zeit setzen wir den bewaehrten Kurs des X. Parteitages fuer Frieden und Sozialismus erfolgreich fort--7. Tagung des Zentralkomitees der SED" [In These Times of Struggle We Press Ahead Along the Road to Peace and Socialism Charted by the 10th Party-Congress--7th SED Central Committee Session], Dietz publishing house, Berlin, 1983, p 24.

At the CEMA Economic Summit in Moscow it was expressed that "the most important tasks in the field of economy and mutual cooperation at the present stage are:

to accelerate the switching of the economy onto intensive lines, to raise its efficiency by perfecting the structure of social production, using existing material and labor resources rationally and thriftily, and by making better use of the fixed assets and of the scientific and technological potential;

to ensure the further growth of social production as the basis for strengthening the material and technological base of socialist society and raising the living standards of the people;

to raise the technological level, reliability, durability and quality of output, to expand and speed up renewal of the range of production;

to develop the export potential, first of all in the manufacturing industries;

to distribute the productive forces more rationally;

to speed up the process of the gradual evening out of the levels of economic development of the CEMA countries, and first of all to bring the levels of economic development of the Socialist Republic of Vietnam, the Republic of Cuba and the Mongolian People's Republic to those of the European CEMA countries."*

The communist and workers parties and the governments in the European member countries through this economic strategy adopt the goal to combine more closely decisive trends in the development of the productive forces (like microelectronics, robotics, and modern material economy and energy methods) with the basic conditions for shaping the economic reproduction process.

The GDR's experiences in the transition to comprehensive intensification in the early 1980's gave rise to the realization that the economic prerequisites for a rapid development of the modern productive forces have to be created by boosting efficiency and labor productivity. For that also one must mainly use purposefully and with high efficiency the potentials of socialist economic integration.

Results achieved and the many positive experiences in the economic and scientific-technological cooperation among the CEMA countries bring out clearly that the economic structure is more strongly determined than it used to be by the intensive extended reproduction requirements. As in all other CEMA countries as well, what the GDR is after is comprehensively to develop in the economy those progressive branches that are most strongly marked by the modern developmental processes. That is an indispensable prerequisite and the crucial way for making the transition to comprehensive intensification, the compelling need for which is being faced by the European CEMA countries. In conformity with practical experiences the CEMA countries let themselves consistently be guided by that the further deepening of socialist economic integration is of fundamental importance for each further step toward intensification.

In drawing general inferences from the GDR's experiences in the late 1970's and early 1980's, the following three aspects are worth emphasizing:

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*"Statement . . .," loc. cit., pp 19 f.

First: Proceeding from the fundamental changes in the internal and external reproduction conditions, the 10th SED Congress formulated the economic strategy for GDR economic development and, with it, worked out the position on economic growth under these conditions. This position in substance is that economic growth amounts to a fundamental prerequisite for the continued shaping of the developed socialist society. Steady economic growth is objectively necessary to ensure, and bring about for the good of the people, the unity of economic and social policy and the extended reproduction of the productive forces and socialist production relations, to make the necessary contribution to solving global problems and to be able to meet the international class struggle requirements.

Second: The centerpiece of the SED's economic strategy lies in the task to substantiate the comprehensive transition to intensive extended reproduction and use all qualitative growth factors for economic growth. This amounts to the question how the impulses and advantages inherent in socialism may be used toward high social labor productivity, high increases in economic efficiency, and efficient export and import structures. The acceleration of scientific-technological progress plays a key role in this. What matters is to produce in the future a unit of national income through dropping expenditures in live and embodied labor and ensure steady economic growth. Such growth conforms to a type of reproduction adequate to the developed socialist society.

Third: "Today and in the future we let ourselves be guided," as Guenter Mittag affirmed at the GDR's economic science conference, "by that the further deepening of socialist economic integration, especially a still closer economic and scientific-technological cooperation with the USSR, is of fundamental importance for any further step toward intensification in our economy."* The development of our own economic capacity relies on purposefully perfecting our economic and scientific-technological cooperation with the USSR and the other CEMA countries as the general condition for production intensification.

It is therefore not by chance that the communist and workers parties and the governments in the CEMA countries coordinate their economic policy more with respect to such tasks as will have to be implemented in the foreseeable future in shaping the developed socialist society.** That principally includes the utilization of socialist economic integration as the general condition for intensive extended reproduction. And there is must be emphasized that the main trend for further economic development in the developed socialist society of the European CEMA countries is found in the transition to intensive extended reproduction.

Intensive extended reproduction and socialist economic integration are inevitable processes and the condition for economic development in the shaping of the developed socialist society. Establishing this connection, more and more efficiently and effectively for all the partners involved, that determines the further development of socialist economic integration in the 1980's. In that sense we are dealing with an identity of ongoing economic processes and thus also with a certain identity of tasks to be solved.

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*"Oekonomische Strategie der Partei--klares Konzept fuer weiteres Wachstum" [The Party's Economic Strategy--Clear Concept for Further Growth], Dietz publishing house, Berlin, 1983, p 12.

**"Statement . . .," loc. cit., pp 20 f.

"The socialist countries," Guenter Mittag asserted at the SED Central Committee seminar with the general directors of combines and party organizers in March 1984 in Leipzig, "are successfully reacting to the new challenges of the 1980's. Performance growth increases when new reserves are tapped by way of intensification. Economically significant tasks in converting to different raw materials, the introduction of the latest products and technologies, including those requirements that result from the exacerbation of the international situation, are being solved, and the people's material and cultural standard of living is ensured and further extended step by step. That, and not the decline of production, unemployment and inflation as in the capitalist countries, characterizes our course."*

The fraternal countries' joint efforts toward highest productivity and efficiency are crucial for establishing effective relations between socialist economic integration and production intensification in the various countries. All in all, under the altered reproduction conditions of the 1980's economic growth depends on the rate and breadth of the comprehensive transition to intensive extended reproduction. Of the further shaping of the developed socialist society and, hence, of all measures in socialist economic integration the primarily resource-saving type of reproduction is characteristic because it reduces production consumption and has a positive effect on the economic structures and the foreign trade structures of the European CEMA countries.

As is well known, there is a direct connection between the trend of national income and the dynamics of production consumption. Reducing production consumption creates favorable prerequisites for national income growth and higher efficiency in social production. The GDR managed in the early 1980's to increase its national income while reducing production consumption in absolute figures. The consumption of economically significant energy sources, raw materials and semifabricates declined between 1976 and 1980 at an annual average of 2.7 percent, but in 1981 by 5.4 percent, in 1982 by 8 percent and in 1983 by 7 percent. The higher efficiency of the social reproduction process thus was an important source for the national income growth. So it is important ever better to satisfy the growing productive needs of society and the citizens' individual needs through the lowest social labor expenditures possible.

The rate and scope in reducing production consumption are the result of effective production intensification. An essential task when the reproduction process focuses on comprehensive production intensification therefore is the need for changing the cost/benefit ratio for the basic social production processes. And what mainly are those processes?

First, intensive extended reproduction requires that labor productivity increases faster than commodity production. That is prerequisite to producing national income while outlays drop.

Second, commodity production must grow faster than the expenditures in fixed assets or investments. The basic funds quota must rise so that economic efficiency is enhanced.

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*"Nach neuen Masstaben die Intensivierung umfassend organisieren" [Comprehensive Intensification by New Criteria], Dietz publishing house, Berlin, 1984, p 22.

Third, the production of goods must grow faster than raw material, energy and material consumption. The point must be that a greater new value is produced from a unit of raw material used, that more and better commodities are manufactured.

Fourth, it is important that science and technology yield an ever increasing growth in effectiveness, economic efficiency and foreign trade revenue. All these tasks in social production intensification can be achieved only if scientific-technological progress assumes high speed and its effect on efficiency is maximized.*

Important prerequisites were created in the 1970's for solving these tasks through the advances made in the socialization of production and labor and through socialist economic integration. It makes possible a still more effective use of the qualitative economic growth factors and of the potentials of the European CEMA countries.

Promoting Progressive Structural Development

A key issue in socialist economic integration and the transition to intensive extended reproduction is the future structural development in accordance with the requirements in current development. The permanent renewal of the range of production in line with the development of demands and with the possibilities derived particularly from science and technology, that is to say, further developing and perfecting the production structures, is what becomes first and foremost in economic activity. Especially a well timed and effective reaction to structural questions that have become ripe is an indispensable condition for enhancing the efficiency of the CEMA countries' economic and scientific-technological cooperation. That has immediate and direct effects on the further development of socialist economic integration, on the priorities and ways and means of cooperation, as was once again explained at the 36th CEMA conference, held in Berlin.

In earlier years our economic and scientific-technological cooperation logically was aimed at forming complex production structures and consolidating their stability. That was indispensable for being successful in socialist construction, for achieving a higher performance in the economies, and for consolidating the unity and cohesiveness of the countries in the socialist community of states, but it is not longer enough under the altered internal and external reproduction conditions in the 1980's. What matters today and in the future is to achieve through appropriate integration measures an active and effective contribution to a progressive change in these structures on behalf of higher economic efficiency.

As experience has shown, now it is important to gage integration measures against their conforming to the dynamics and effectiveness of these production structures as produced by the scientific-technological progress, that is to say, their contributing to the development of material and energy-saving products; how they

*"Oekonomische Strategie . . .," op. cit., pp 101 f.

further the manufacture of products from or for a more highly refined degree of the materials and raw materials used (e.g. in chemical plant construction of installations for deeper petroleum separation); how they contribute to the development and manufacture of the products that embody the scientific and technological progress (microelectronics, robotics, automation equipment). From that vantage point arises the need for more effective economic policy coordination in important sectors, of mutual interest to the CEMA countries. "It was agreed," says the Moscow Economic Summit statement, "that machine-building cooperation shall be of a comprehensive nature and directed mostly at supplying the key branches of production with machines and equipment of high quality and on a par with world standards. Provision was made for the output in the various countries both of finished products and of parts and sub-assemblies, as well as of products used in the engineering industry in general, and for delivered equipment to be fully supplied with spare parts. Special attention shall be given to the development of electronics, microprocessors and robotics."*

That raises the question about the criteria according to which the structural development in the CEMA countries, particularly the development of the production structure in the process of socialist economic integration, has to proceed, and which criteria should be applied to the still effective matching and supplementary capability of production structures under the intensification aspect. Four aspects ought to be stressed in this connection:

First: The primary condition, which is greatly decisive for a matching and supplementary capacity of the production structures in the European CEMA countries and meets the intensification criteria, is the scientific-technological level reached through these structures, and this gaged against and resolutely oriented to top world standards. Experience has shown that a high scientific-technological level of the production structures in this sense speeds up the transition to production intensification. Scientific-technological progress, its acceleration and its economically rational utilization, the rapid transfer of its data to production, is and remains the key issue for the further perfecting of the production structures of the CEMA countries in the integration process.

Second: The basis for further perfecting the production structures and their matching and supplementary capacities in the integration process, first and foremost, are the historic-social and natural conditions in a given country. That includes the stage reached in social production intensification, the tasks in implementing the economic and social policy as much as the experiences available of the working people, the country's traditions and natural givens such as its geographic location and, not last, its raw material and fuel resources. The matter therefore is to develop the most favorable production profile for any CEMA country in conformity with its concrete historic developmental conditions. One has to take into account that structural changes cannot be enforced from one day to the next and that their efficacy often is delayed. Of special importance in this connection is a reasonable, priority-oriented selection of areas and sectors that are primarily to benefit from further perfecting the production structures in the integration process.

*"Statement . . .," loc. cit., p 22.

Third: An important framework condition for future production structure development, correlated and ever more effectively complementing one another, is the quantitative and, mainly, the qualitative requirement trend under the aspect of transition to economic intensification in the CEMA countries.* That sets important orientation magnitudes for the priorities in further improving the production structure. Experience shows that with the increasing interlinkage and supplementation in the economies it becomes ever more urgent to focus consistently on the partners' requirement trends in the future shaping of production and foreign trade structures. As to GDR-USSR cooperation in particular, the GDR economy has gained very positive experiences mainly in ship building. The stipulations of the Moscow Economic Summit on deeper cooperation to speed up scientific and technological development on the whole, on cooperation on raw materials, fuels and foodstuffs, which will help purposively accelerate the industrial and agricultural intensification process on behalf of further economic and social progress in the fraternal countries, indicate that these countries are turning the priorities for future demand trends into the crucial criteria for future structural development.

Fourth: Decisive for measures about the future structural development is a country's total foreign economy situation. One of the important tasks in this context is to connect the growing demands made on the shaping of the production profile and of the foreign trade structures in the CEMA countries organically with the long-range alignment and differentiations of the production structures of these countries with one another, which aims at high economic efficiency. Among the things that make this task one of still greater importance is the commercial and technological boycott by imperialist circles.

Through their coordinated economic policy in strategically important areas, the long-term cooperation target programs, and the bilateral specialization and cooperation programs, the CEMA countries have what it takes to raise mutual collaboration onto a higher level. That is mainly also served by the joint drafting of a comprehensive program of scientific and technological progress for 15 to 20 years as the groundwork of a coordinated, and in some fields a uniform, scientific and technological policy, "aimed at the speediest solution through joint effort of the most important problems in the field of science and technology and the application of the results achieved in the production of the interested countries on mutually advantageous terms."**

Importance and Tasks of Science and Technology

The reproduction conditions of the 1980's require higher efforts to create all the prerequisites, material, financial and in terms of labor, for having the European CEMA countries' scientific and technological cooperation produce more top achievements at world standards, for their speedily being applied in production and becoming efficient to the users. In the 1980's therefore we seek more of an efficiency increase through scientific-technological cooperation in the process of socialist economic integration.

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*Cf. C. Luft, "Enforcing Intensification Measures by Having the Combines Take Part in Socialist Economic Integration," WIRTSCHAFTSWISSENSCHAFT, No 2, 1984, p 174.

**"Statement . . .," loc. cit., p 22.

A key issue in this requirement is combining what science and technology newly produce with the extant and newly to be created objective material production conditions. Even Marx has emphasized that "valuable machinery" is used not for its own sake, but finds its actual purpose in higher economic efficacy.* What we are mainly after is to tap the potentials resulting from the use of science and technology data through production modernization and upgrading so as to increasingly make effective the results of scientific-technological progress through a qualitative upgrading of the material-technological base and the rational use of the available investment funds. So the economic innovator process embraces revolutionary innovations, the so-called base innovations, depending on basic discoveries and inventions, as well as a systematic modernization of techniques, methods, technologies and products of which the most beneficial economic use is made.**

Both courses have to be taken in the socialist economic integration process, and both are aimed at high effectiveness through integration measures. Here we can also see how important the tasks are for enhancing the capability and modernize already existing trends of specialization in the socialist economic integration process. This gives greater weight to accords on the joint redesign and rationalization of parallel production capacities and a coordinated rationalization means production.

Concentrating scientific-technological cooperation in connection with production cooperation on top scientific, technological and economic achievements calls on management, planning and economic stimulation to create still more effective conditions for the transition to comprehensive production intensification. In this connection it also is important to keep purposefully enhancing the economic interest of the large economic units in such measures. For this the CEMA countries have a rich store of experiences they must exchange with one another.

In generalizing the GDR's positive experiences resulting from combining international scientific-technological cooperation with the measures in the field of international socialist specialization and cooperation, the following aspects deserve emphasis:

First: Science and technology must create conditions for progressive, effective structural developments. Measures for combining science, technology and production according to plan relate not merely to the production structure or the structure of the R&D potentials or of foreign trade, but to the totality in the structural development of an economy. An analysis of some accords indicates two tendencies. For one thing, the time that an accord is in effect becomes longer and, secondly, the accords are becoming increasingly complex, that is to say, they embrace the entire process of the division of labor and scientific, technological and production cooperation as well as, in part, rules on sales coordination.

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*Cf. K. Marx/F. Engels, "Werke" [Works], Dietz publishing house, Berlin, 1956-1968, Vol 13, pp 620-631.

**Cf. H. Koziolek, "Wissenschaft, Technik und Reproduktion" [Science, Technology and Reproduction], Die Wirtschaft publishing house, Berlin, 1982, p 63.

Second: Along with structural efficacy, it is mainly the time effect that has to be used, especially the potential for cutting down the time it takes from having scientific-technological data to introducing them in material production. It more and more depends on a well timed, efficient and cost-effective manufacture and marketability of new high-quality products to what extent the total production costs in live and embodied labor are made worthwhile and an appropriate profit is reaped. The producers' performance advantages on the world market more and more depend on the ability optimally to reconcile the undoubtedly more complicated interactions of crucial instances in the course of R&D, investments, production and sales with the recoupling of these different links in the chain. In particular, the systematic handling of the science--technology--production cycle must come still closer to its potentials and requirements.

Third: This also applies to assessing the broadness of range in the effect of linking science and technology with production according to plan. By broadness of effect we mean the use made of the functional linkage between the R&D and mass production costs and the prime cost trend per production unit. For amortization and the economic effect of R&D expenditures it is of increasing importance what the production volumes or series are over which they are distributed. Therefore, the production concentration attainable through specialization and cooperation processes in CEMA must keep aiming at optimum output volumes. It must also be taken into account, however, that, especially in machine tool construction, a broad differentiation in users' needs is taking place and that, due to the scientific-technological progress and to the market conditions, higher demands are being made on flexibility, reaction capability and mobility. These two sides are not extremes to be played out against each other. Even if the demands referred to also may trigger contrary tendencies for high production volumes and series and call for a differentiated approach to the question of the scale of outputs, one still must make sure that in setting them down one starts from needs. Decisive is that one uses the kind of production technology that ensures the lowest possible costs per unit of output. Essential, furthermore, in determining volumes and series is the marketability--even over long range--of commodities manufactured at these magnitudes.

In linking science and technology with production according to plan, it is hence not merely a matter of ensuring the time sequence in the CEMA countries' cooperation in certain selected areas from research to production. Rather, what matters is to take for the starting point, and from the outset, the task to be solved, i.e. already in the conceptual phase, and to combine the effects of both partial processes in such a way that the largest possible and fastest effect is achieved for each of the economies involved on the basis of their identity of interests.

High production efficiency in the CEMA countries, for today and still more for the future, depends on how well we succeed in using socialist economic integration as the general condition for intensification.

Efficiency as Chief Criterion

Ensuring the most beneficial cost/benefit ratio and high economic efficiency are the decisive criterion for all the measures in socialist economic integration. This always involves the effects integration measures have on boosting productivity and efficiency, which transcend the effects achieved within the scope of any one economy.

This fundamental connection between socialist economic integration and economic efficiency is gaining great importance under the altered reproduction conditions. The international socialist division of labor and all measures of socialist economic integration can and must more perceptibly still help achieve, mainly by making more use of science and technology, a smooth economic growth while greatly trimming expenditures per production unit. Proceeding form there, the decisive criterion for having socialist economic integration affect an increase in economic efficiency ultimately is the improvement achieved thereby in the cost/benefit ratio or the growth achieved in the national income relative to the total expenditures made for it. The point to be made in particular here is that, due to the dialectical unity between the labor and value formation process, the natural-material (use-value) as well as the value-related (reflected by the money) side is concerned. The influence of foreign economy relations affects not only changes in the use-value structure of the national income. The unity of use-value, intrinsic value and magnitude of value calls for attention to all interrelations among economic and international value magnitudes. This means improving the export/import structure and making every effort to improve the effectiveness of foreign economy relations.

We proceed from the need here that efficiency computations, in view of the increasing long-range of integration measures at changing economic conditions, must constantly be made more specific. Here a special point deserves to be made that accurate efficiency computations, starting in the conceptual phase, should be turned into important bases for decisionmaking in all the subsequent phases of the preparation, implementation of and accounting for integration measures. The use of value categories must be given more attention, especially in the phases that precede production. Through well-timed computations of the costs of live and embodied labor and its results in terms of value it becomes possible to compare the socially needed labor expenditures between partner countries or with third countries and with top world standards, to focus constantly on trimming expenses and high efficiency, compute the economic benefit of integration measures, select the most efficient variants and, on that basis, ultimately decide on whether or not to take part in particular integration measures. A very comprehensive and precise regard for transportation expenditures is of importance not to be underrated in all efficiency computations in view of the increasing trade among the fraternal countries and the higher freight rates.

The current practice of assessing the economic efficiency of integration measures from the vantage point of the different national economies must not be put in doubt. That is justified by the fact that the state organizes and manages the reproduction process and the outcome of the states' foreign trade activity crystallizes in the national income. But one must also look at the matters of efficiency more comprehensively and fully. Higher efficiency in material production mainly comes from higher labor productivity. The result of such a development is reflected by lower production costs, which eventually leads to national income growth.

Unarguably, this task centers on production, on scientific and technological top achievements, on high use-value properties of the products and their functioning well, on the input/output ratio and other qualitative properties of the commodities. Through selling top products on the world market one surely will earn fine export profits.

An important requirement in this connection is always to account for total expenditures in live and embodied labor and the final effects achieved in their complexity. The requisite assessment criteria for the economic efficiency trend then result from comparing cost/benefit magnitudes of various periods or from level comparisons, also in terms of use-value parameters, with an orientation to international standards assuming increasing importance. Proceeding from there, what is ultimately decisive for the effect socialist economic integration has on higher economic efficiency is the achieved national income growth relative to the total expenditures required for it. Implementing the economic strategy of the 1980's calls for a comprehensive approach under the aspect of the organic unity of the reproduction process and the interchange among its phases from production to consumption.

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CSO: 2300/330

YUGOSLAV COMMENT ON 'BASIC DILEMMA' OF CEMA

Belgrade BORBA in Serbo-Croatian 21 Mar 85 p 5

[Article by Lazar Martinovic: "Ever More Noticeable Nuances"]

[Text] The CEMA grouping, which in a few decades has grown through unconcealed copying of the Soviet model, has come into a situation of ascertaining, not so openly to be sure, that that model of a firm and centrally planned economy is no longer yielding the results desired. Since there still is no ready-made new model even on the horizon, everyone feels freer to seek more optimum solutions for his own system.

The general tendency which is noted is the obvious operation of anticentralistic tendencies. Since it is felt there is a complete lack of an idea about reform that they have in common and that has an economic and political foundation, an atmosphere has been created in which each of the members, depending on his own conditions and capabilities, is trying to undertake something on his own. Wherever such attempts offer a more optimum and efficient attitude toward production, and do not disrupt the ideological peace, they are indirectly tolerated.

The Extremes

At least for the present and only verbally such urgings are noted even at the very center. Even a bit more than 2 years ago Andropov defined the thesis whereby production relations in Soviet society are lagging by the development of the productive forces. A bit later Chernenko and Gorbachev formulated a second important idea to the effect that socialism as a system can prove itself only with economic results.

There are several reasons for the attempts to perfect the economic model in CEMA. One of the greatest difficulties mentioned is the rather limited success of central economic planning. The situation is also compounded because there is no effective market mechanism. Aside from that, the mechanisms for planning and guidance of the individual CEMA countries differ quite a bit from one another, which also has an adverse effect. Reality is making it imperative to talk about prices, about the rate of exchange, the price of manpower, and so on.

The issue of reform of the economic system and of the political system, which is inseparable from it, inevitably had to be faced. This, of course, will not go easily or without disruptions, since as certain theoreticians in those countries assert, the reforms which many economists are proposing are aimed at weakening the monopoly of the government apparatus over economic decisions, which is hardly acceptable for the model of state socialism.

One would even say that in most of the countries there are three views taking shape over the issue of possible reforms. As the thinking goes there, there are two extreme currents: one favors the absolute freedom of operation of the market and the complete independence of enterprises, and the other strict centralistic management of the economy. Between them are those who are convinced that gradual operation of centrifugal tendencies may change much of that in the future.

One thing has become quite clear: the time has passed for appealing for higher productivity, for conservation, for greater work discipline, for moral incentives and the like. Even in the USSR the thesis has recently been launched that production relations can be improved "if the party finds the right ways of remuneration and material incentives that would guarantee that people employed have an interest in their job."

The most fiery debates about reforms are certainly being conducted in Poland, which has been in a profound crisis for more than 5 years now. According to the most recent report from Warsaw, the documents of one authoritative government body state that "our system is moving toward guaranteeing the independence of enterprises, toward taking advantage of its abilities to adapt, and toward the essential role of the market, but great importance is at the same time given to the plan." The authors note that it can be said in the light of the experiences of the last 2 years that the conception of coexistence of these two factors in the system "is not sufficiently clear."

Such dilemmas seem to be typical of the backing and filling in the other CEMA countries as well. In the USSR a law was passed 2 years ago on work collectives and on enhancement of their role in managing the enterprise. However, many expectations have proven to be premature. According to the most recent discussions of this, very sharp dilemmas are noted just before the 27th party congress and adoption of the new program. How is the thesis of strengthening and perfecting the functions of the centralistic authority of the state, which is the official desire, to be reconciled with the obvious need to open up prospects for more direct participation of the working people in development of the economy and society? How are certain forms of self-management to be created, but within the framework of a firm "one-man management" (centralism and a strengthening of government authority)?

Tolerance

The dilemma that is most exposed at the moment lies in seeking a place for self-management between the untouchable canons of the system. In a recent issue of PRAVDA S. Sokolov said that "the Soviets organically link together government power and the self-government of the people," concluding that it is

"possible to strengthen government authority and at the same time stimulate the creative initiative of the masses," which to some observers there is like squaring a circle.

However, many people take the more liberally conceived reform in Hungary as evidence that all changes need not begin precisely at the very center. For several years now they have been patiently, gradually but persistently making quite profound changes there, such as greater independence of economic entities vis-a-vis the government authority, liberation of private initiative first in agriculture and trade, and then gradually in industry as well (private enterprises can be established in hostelry, trade, tourism, and indeed even in certain sectors of industrial production). A few days ago it was reported that a group of 15 individuals in Budapest had built a private luxury hotel.

Moscow is not taking direct issue with these moves, but it seems to be suggesting solutions by expressing its views indirectly. Following Hungary's decision to rent out many state-owned coffeehouses, florists' shops, groceries and small stores to private operators, J. Shubika and J. Borovkov immediately sounded off in the Moscow press with vigorous support for banning the private sale of flowers since "this takes people away from raising fruit and vegetables."

Views and opinions are also facing off at a considerably higher level without a pronounced antagonism. The radical Hungarian economist Tibor Linka has been predicting that enterprises which have been consistently operating at a loss would be shut down (this was done a few days ago by the Poles, the first in the camp to do so), while on the other side Nikolay Baybakov, chairman of the USSR State Committee for Planning, declares that "support money will continue to go to enterprises operating at a loss rather than their being allowed to go under, since the communist approach is to return them to the ranks of those which are performing well and to preserve the workers' jobs."

Nevertheless, these opinions are not unanimously held even in the USSR. At the same time PRAVDA has written that those organizations which are going constantly "downhill" should not be merely dissolved, but it is better to leave them without work so that "the beneficial conflicts break out which help to improve an organization."

It seems that some of the canons are nevertheless going through a gradual modification. At the height of the Polish crisis one member of the Soviet academy wrote that there could be no socialism in Poland when there are 3 million agricultural plans (he was referring to the number of private farms), when private initiative is being encouraged, and when there is such open collaboration with the church. Opinions like that have not appeared recently, although there has been no change in Poland in that regard, at least as far as the private sector and agriculture go, although along with the full thrust of the private sector (mixed firms are being established in great numbers and private organizations are being opened in all the sectors where there are shortages), a discussion is now being conducted even about the possibility of creating the joint stock company as an institution.

Challenges

The example of Czechoslovakia, which has been so orthodox, is symptomatic in this context. Up until last year, for example, even the idea that a shoeshine boy on the street could be a private operator was called revisionism there. Recently, however, a process has begun even there to perfect the model, in which room is also being found for limited development of private initiative.

Bulgaria has also been recently joining the "reformers." With the new economic mechanism adopted since the 20th Bulgarian CP Congress (1981), Bulgaria has come out in favor of greater initiative of work collectives in planning. A year later the "labor code" gave the central place to the workingman and the working collective "as the basic pillars of society," and the work collective is being turned into the "main link of the new socialist organization of work."

Ideas about the necessity of looking for new solutions have also been reviving recently in Romania. Although at the 13th Romanian CP Congress Ceausescu emphasized the role of the central plan as the principal instrument in economic relations, along with emphasis on the well-known role of the state and the party, he did make mention of self-management as "revolutionary worker democracy."

It is difficult at this early date to estimate whether all of this and a multitude of other reflections and moves can be taken as portents of bolder undertakings in socioeconomic relations of the CEMA countries, since everything is still in a favorable phase, but it is beyond dispute that these countries are more and more facing inevitable challenges offered by contemporary social development. It is early to speak about how far these developments might go when we bear in mind that we are talking about extremely sensitive issues which necessarily cut across all social and political spheres, which is what makes it most sensitive in ideological terms. Precisely for that reason there are quite a few people who are offering unconcealed resistance, proclaiming many of the new ideas and moves to be a betrayal of Marxism and socialism.

However, even the very fact that certain dilemmas are being posed and accepted, along with the criticism of the present practice, shows that further development is demanding bolder reflections and solutions, and it is acknowledged that the key to getting things moving is greater initiative on the part of enterprises with greater independence and on the part of the working people themselves.

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TEXTILE INDUSTRY: TRADE WITH USSR, EAST EUROPE

Belgrade PROBLEMI SPOLJNE TRGOVINE I KONJUNKTURE in Serbo-Croatian Nos 3-4, Jul-Dec 83 pp 80-93

[Article by Marko N. Radulovic, MA, "ASTRA," Zagreb: "Export Potential of the Domestic Textile Industry and the Soviet Market"]

[Excerpts] Trade in Textile Products With the Socialist Countries

The socialist countries as an economic grouping represent an important trade partner of Yugoslavia's textile and clothing industry. For example, in 1978 44 percent of all Yugoslav imports of raw materials for the textile and clothing industry came from the socialist countries, while the share in exports of finished textile products was all of 57 percent. Imports from the socialist countries represented 34 percent of total Yugoslav imports of textile raw materials, among which the largest item is cotton imported from the USSR, and 38 percent of total Yugoslav imports of finished textile products. If we look at raw materials and finished textile products taken together, then in 1978 imports from the socialist countries represented 53 percent of total Yugoslav imports of textile raw materials and finished products, while 32 percent of total exports of those same products were exported to those countries.*

The finished textile products which Yugoslavia imports from the socialist countries consists mainly of intermediate products for ready-made clothing (fabrics) or consumer goods (fabrics and knitwear).

The main reasons for importing products of the textile industry from the USSR are a) the low prices and b) obtaining a market for exporting Yugoslav textile products, since the imports make it possible to export more of these products.

From the most general indicators of Yugoslav trade in textile raw materials and finished products with the socialist countries that we have given one can unambiguously conclude that these countries are Yugoslavia's largest trade partners in the field of finished textile products and raw materials. Two segments are very notable in the analysis: a) 57 percent of total Yugoslav exports of textile products go to those markets and b) imports from that region account for about 69 percent of total Yugoslav imports of cotton.

* Figures of the General Association of the Yugoslav Textile and Clothing Industry, Economic Chamber of Yugoslavia, Belgrade, 1982.

Taking as points of departure the overall strategic goals of the Yugoslav textile and clothing industry, the basic strategic goals concerning the socialist countries ought to be as follows in the coming period:

1) reduction of the dependence of Yugoslav exports of finished textile products on exports to the socialist countries, so that over the period 1985-1990 the share would be 35-40 percent instead of the present 57 percent. The practical implementation of that program would signify a stagnation or even reduction of exports to the socialist countries depending on the growth rate of exports to the advanced countries of the West and to the developing countries;

2) a related effort should be made to reduce the share of cotton imports from the socialist countries in total cotton imports from 69 percent to 35-40 percent, which would avoid the consequences that might ensue should there be a halt or reduction of deliveries of cotton from the socialist countries, which could place this industry in difficulty in view of how dependent it is on imports from the socialist countries;

3) since foreign trade is a state monopoly in a majority of the socialist countries, it is indispensable that Yugoslav organizations of associated labor coordinate their efforts on the markets of those countries. A number of self-management accords have been concluded on coordination of imports and of exports of textile products to the socialist countries, but cases of automatized actions which do not fit in with those accords still occur, and that is why this is being emphasized as a special strategic goal.

A regular supply of natural and artificial raw materials, especially a supply of cotton, wool and man-made fibers, is a decisive question for the Yugoslav textile industry. The textile industry meets most of its needs for these products through imports, and imports from the socialist countries are very important here. For example, of the 183,500 tons of raw materials imported for the textile industry in 1975 54,900 tons came from the socialist countries, which represented about 30 percent of total imports of raw materials for this industry. In 1981 total imports of raw materials amounted to 232,400 tons, within which imports from the socialist countries amounted to 96,400 tons, or 41.5 percent of total imports of these products (cotton, wool, man-made fibers and hard fibers). According to the planning forecasts, 224,000 tons of raw materials are to be imported in 1985 to meet the needs of the textile industry, within which imports from the socialist countries would amount to 74,700 tons, or 33.3 percent of total imports of these raw materials.

The textile industry figures as an important exporter of man-made fibers, and in 1975 exports totaled 21,500 tons, of which 4,800 tons (22.3 percent) went to the socialist countries. In 1981 exports amounted to 48,000 tons, including 5,000 tons (about 10 percent) exported to the socialist countries, while the planning forecasts for 1985 [original reads "1975"] call for exports of 66,000 tons of these fibers, including 9,000 tons to the socialist countries, which would be 13.6 percent of total exports of man-made fibers from Yugoslavia.

The socialist countries are an important source from which to import raw materials for the Yugoslav textile industry and at the same time an important market for selling the finished products of that industry.

In 1975 total exports of finished textile products from Yugoslavia amounted to 6.24 billion dinars, or $367.1 million U.S. (at the rate of $1 U.S. = 17.00 dinars). Of this, exports to the socialist countries accounted for 56.9 percent of total exports of these products. Total exports of finished textile products in 1981 amounted to about 8 billion dinars, or about $191.4 million (at the rate of $1 U.S. = 41.80 dinars), within which exports to the socialist countries represented 50 percent. Total exports of finished textile products are projected at about 13 billion dinars for 1985, including about 6 billion worth of exports to the socialist countries, which would be about 46 percent of total exports of finished textile products.

Table 1. Yugoslav Trade in Textile Raw Materials and Products of the Textile Industry With the Socialist Countries, in thousands of tons

Indicator	1975		1980		1981		1985	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Raw materials	54.9	4.8	101.0	4.4	96.4	5.0	74.7	9.0
Breakdown:								
Cotton	43.6	--	87.0	--	82.0	--	61.6	--
Wool	0.2	--	0.5	--	0.5	--	0.5	--
Man-made fibers	9.4	4.8	9.6	4.4	10.0	5.0	8.4	9.0
Hard fibers	1.7	--	3.5	--	3.5	--	4.0	--
Finished textile products (in millions of dinars)	1,340	3,549	1,300	3,500	1,100	4,000	1,300	6,000

Source: Figures of the Federal Bureau of Statistics, Belgrade.

Table 2. Total Trade in Raw Materials and Products of the Yugoslav Textile Industry, in thousands of tons

Indicator	1975		1980		1981		1985	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Raw materials	183.5	22.4	236.9	46.3	232.4	50.0	224.0	67.8
Breakdown:								
Cotton	88.2	--	127.0	--	132.0	--	154.0	--
Wool	16.8	--	21.0	--	21.4	--	22.0	--
Man-made fibers	36.1	21.5	52.9	44.3	45.0	48.0	18.0	66.0
Hard fibers	42.4	0.0	36.0	2.0	34.0	2.0	30.0	1.8

Table 2 (continued)

Indicator	1975 Imports	1975 Exports	1980 Imports	1980 Exports	1981 Imports	1981 Exports	1985 Imports	1985 Exports
Finished textile products (in millions of dinars)	3,487	6,240	3,500	7,000	3,000	8,000	4,000	13,000

Source: Figures of the Federal Bureau of Statistics and the General Association of the Yugoslav Textile and Clothing Industry, Economic Chamber of Yugoslavia.

In recent years the regional distribution of foreign trade in raw materials and finished textile products has shown the following peculiarities:

1) imports from the industrial countries of the West have had the greatest importance in the imports of raw materials for this industry, except that for 1985 plans call for equalizing imports from the Western countries with imports from the socialist countries and the developing countries;

2) exports to the socialist countries have dominant importance in exports of raw materials for the textile industry, whose total is smaller than total imports; the socialist countries are followed by the developing countries and then considerably less were exported to the countries of the West, and these proportions will persist up until 1985 as well;

3) the most important trade partners of Yugoslav manufacturing organizations and exporters and importers are the socialist countries, followed by the advanced countries of the West, in the exports of finished textile products, and this is also planned for 1985, except that in that year exports to the developing countries would exceed exports to the advanced Western countries; and

4) imports from the advanced industrial countries of the West are the most important among imports of finished products of the textile industry, followed by imports from the socialist countries, and this should be maintained in proportional terms in 1985 as well.

We should emphasize in this connection that in the trade and raw materials and finished products the domestic textile industry has a constant trade deficit with the industrial countries of the West, balanced trade with the developing countries in both real and relative terms, and a constant trade surplus of those products in trade with the socialist countries. These proportions are also envisaged in 1985.

Output of the Textile and Clothing Industry

Production of ready-made clothing and knitwear in Yugoslavia has recorded an unequal growth over the period from 1973 to 1983. Sewn garments more than

doubled over that period; the production of ready-made underwear in 1983 was only 5 percent greater than the output in 1973, but the production of cotton knitwear was up about 67 percent. At the same time sewn garments have been recording a constant growth, while the production of cotton knitwear and ready-made underwear have been subject to sizable fluctuations and has declined particularly in the period since 1980.

Table 3. Yugoslav Trade in Raw Materials and Finished Products With the Main Regions of the World, in millions of dinars

Indicator	1979		1980		1981		1985	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Raw materials	7,949	2,675	8,500	3,000	9,500	3,000	12,000	4,000
West	3,776	551	3,500	600	4,000	600	4,000	800
Developing countries	1,450	924	2,000	1,100	3,000	1,100	4,000	1,500
Socialist countries	2,723	1,200	3,000	1,300	2,500	1,300	4,000	1,700
Finished textile products	3,487	6,240	3,500	7,000	3,000	8,000	4,000	13,000
West	2,049	1,779	1,700	2,000	1,400	2,200	2,000	3,000
Developing countries	98	913	500	1,500	500	1,800	700	4,000
Socialist countries	1,340	3,548	1,300	3,500	1,100	4,000	1,300	6,000
Total	11,436	8,915	12,000	10,000	12,000	11,000	16,000	17,000
West	5,825	2,330	5,200	2,600	5,400	2,800	6,000	3,800
Developing countries	1,548	1,838	2,500	2,600	3,500	2,900	4,700	5,500
Socialist countries	4,063	4,748	4,300	4,800	3,600	5,300	5,300	7,700

Source: Figures of the Federal Bureau of Statistics and the General Association of the Yugoslav Textile and Clothing Industry, Economic Chamber of Yugoslavia, Belgrade, 1982.

Table 4. Yugoslav Output of Ready-Made Underwear and Clothing and Cotton Knitwear

Year	Cotton Knitwear		
	Quantity (in tons)	Growth Rates (in %)	Index Number (1973 = 100)
1973	5,956	--	100.0
1974	7,262	21.9	121.9
1975	7,843	8.0	131.7
1976	8,363	6.6	140.4
1977	7,869	-5.9	132.1
1978	7,984	1.5	134.0
1979	9,533	19.4	160.1

Table 4 (continued)

Year	Cotton Knitwear: Quantity (in tons)	Growth Rates (in %)	Index Number (1973 = 100)
1980	9,385	-1.6	157.6
1981	9,304	-0.9	156.2
1982	9,516	2.3	159.8
1983	9,923	4.3	166.6

Year	Ready-Made Underwear: Quantity (in tons or in 000 m^2)	Growth Rates (in %)	Index Number (1973=100)	Ready-Made Clothing: Quantity (in tons or in 000 m^2)	Growth Rates (in %)	Index Number (1973=100)
1973	77,714	--	100.0	81,424	--	100.0
1974	73,420	-5.5	94.5	84,271	3.5	103.5
1975	74,560	1.6	95.9	92,117	9.3	113.1
1976	79,120	6.1	101.8	100,063	8.6	122.9
1977	75,142	-4.2	96.7	105,921	5.9	130.1
1978	83,838	11.6	107.9	122,669	15.8	150.7
1979	89,763	7.1	115.5	142,519	16.2	175.0
1980	89,264	-0.6	114.9	150,803	5.8	185.2
1981	88,226	-1.2	113.5	157,993	4.8	194.0
1982	87,651	-0.7	112.8	165,755	4.9	203.6
1983	81,612	-6.9	105.0	171,344	3.4	201.4

Source: Figures of the Federal Bureau of Statistics.

Over that same period the production of cotton and wool fabrics remained at practically the same level or has even been dropping since 1980. The tendencies toward stagnation or decline in the production of cotton and wool fabrics and the fluctuations in the production of cotton knitwear and ready-made underwear over the period from 1973 to 1983 can be explained by the insufficient supply of the basic raw materials, intermediate products and other auxiliary supplies necessary to maintain a continuous pace of production. At the same time, because of the high prices of intermediate products and finished products the inflow of domestic orders has been smaller, and the domestic demand for textile products has also dropped off, and that has inevitably been reflected in the level of output.

Exports and Imports of Products of the Textile Industry

The results of a survey show that many domestic factors determine the volume and competitiveness of textile products. The influence of these factors is intertwined and mutual, so that it is very difficult to establish the intensity of their individual effect and influence on the competitiveness of exports. The greatest problems here are those of importing raw materials and intermediate products to supply production. The effect of price factors and other domestic factors have great importance to Yugoslav exports of textile

products. Especially important among these factors are the problems of quality and delivery deadlines, as well as the way in which exporting is organized. Research has at the same time indicated the barriers which exporters usually encounter on the foreign market. It is also judged that the uncompetitiveness is also in part a consequence of the use of low-grade and inappropriate raw materials and intermediate products because of the diminished importing opportunities and the necessary substitution, but aside from that a consequence as well of the use of obsolete equipment and technology and the effect of other factors. Some producers of textile products have indicated that production programs are being adapted to the raw materials base because of the shortage of raw materials and intermediate products and because of their poor quality, which means that the assortment is being restricted and output and the offering are being impoverished. There has been a particular reduction in the possibility of creating product styles and designs and adapting them to the requirements of the foreign market.

Delivery dates are also important factors in the uncompetitiveness. Lateness occurs mainly because of the shortage of raw materials and intermediate products, agreements are not respected at all levels, bottlenecks are created in the transportation of raw materials to domestic producers and in the transport of finished products to foreign customers. These and other problems delay delivery dates, which foreign customers are not willing to tolerate. This results in the payment of the penalties stipulated in the contract, and often there is even a reduction or cancellation of orders. There are likewise cases when because the quality is poorer than stipulated in the contract the foreign customer demands a lower price and delays acceptance of the delivery. That is why it is difficult to obtain a quality certification in connection with exports to the Western region. One particular group of problems is the disloyal competition among Yugoslav organizations on the foreign market, which is especially manifested when they go onto the market without coordinating their positions and without agreements as to prices, quantities, quality, and so on. That is why goods are often offered at lower prices than those which could be obtained or which have already been obtained for exports.

Table 5. Yugoslav Production of Cotton and Wool Fabrics

	Cotton Fabric			Combed Woolen Fabric		
Year	Quantity (in 000 m^2)	Growth Rates (in %)	Index Number (1973=100)	Quantity (in 000 m^2)	Growth Rates (in %)	Index Number (1973=100)
1973	294,423	--	100.0	17,211	--	100.0
1974	292,066	-0.8	99.2	18,978	10.3	110.3
1975	285,356	-2.3	96.9	21,342	12.5	124.0
1976	301,543	5.7	102.4	19,863	-6.9	115.4
1977	301,720	0.1	102.5	19,748	-0.6	114.7
1978	310,878	3.0	105.6	16,385	-17.0	95.2
1979	308,044	-0.9	104.6	16,288	-0.6	94.6
1980	268,550	-12.8	91.2	17,746	8.5	103.1
1981	263,218	-2.0	89.4	17,229	-2.9	100.1
1982	267,222	1.5	90.8	17,250	0.1	100.2
1983	281,602	5.4	95.6	14,475	-16.1	84.1

Source: Figures of the Federal Bureau of Statistics.

Satisfactory results have not been obtained in foreign trade at all levels in the period up to now. Research shows that the problem of obtaining imported or indeed even domestic materials for production has been the greatest limiting factor on production and exports. This has been accentuated by the slow enactment of criteria for distribution of foreign exchange realized from exports and the intensified price disparities on the domestic market. After the export transaction has been conducted, the domestic producer has not been obtaining the necessary funds to import the materials necessary to produce for export. That is why when production is uncertain because of raw materials and intermediate products, many producers of consumer goods have declined to accept new orders.

Trade in Products of the Textile Industry With the USSR

The socialist countries and especially the USSR occupy an important place in total trade in products of the Yugoslav textile industry with foreign countries. Difficulties in the supply of raw materials, especially in making purchases for convertible currencies, have been reducing the volume of production, although at the same time the need to export in order to purchase the necessary raw materials has increased.

Table 6. Yugoslav Trade in Certain Products of the Textile Industry With the USSR, in tons

Product Designation	1974	1975	1976	1977	1978
Exports					
Cotton thread	--	--	--	--	--
Gray cotton fabric, unbleached	--	--	--	--	--
Fabrics from combed wool	--	0.8	163	169	745
Velvet and plush from man-made fibers	--	--	--	--	0.1
Floor coverings on a textile foundation	605	4,611	1,805	975	911
Men's winter overcoats	454	805	539	275	524
Men's suits	66	278	459	268	476
Men's knitted clothing	149	237	229	171	441
Women's knitted clothing	1,404	1,689	1,805	963	689
Knitted sports wear	1.1	--	42	0.02	347
Imports					
Raw cotton	46,623	42,097	77,184	77,313	87,881
Man-made fibers of a particular thickness	--	--	--	--	--

Table 6 (continued)

Product Designation	1979	1980	1981	1982	1983
Exports					
Cotton thread	--	311	708	646	6
Gray cotton fabric, unbleached	32	133	800	1,013	1,798
Fabrics from combed wool	525	773	1,264	948	286
Velvet and plush from man-made fibers	39	1,209	1,833	1,048	1,425
Floor coverings on a textile foundation	2,757	10,334	13,255	11,530	9,350
Men's winter overcoats	493	688	11	1,380	696
Men's suits	263	609	1,018	1,026	927
Men's knitted clothing	717	1,288	--	1,625	1,116
Women's knitted clothing	411	697	1,032	868	522
Knitted sports wear	191	502	470	301	241
Imports					
Raw cotton	64,436	77,457	67,374	62,437	52,888
Man-made fibers of a particular thickness	--	1,288	418	749	164

Source: STATISTIKA SPOLJNE TRGOVINE JUGOSLAVIJE, several issues.

The Soviet Union is the most important individual partner which Yugoslavia has in trade in products of the textile industry. Imports of raw cotton from the USSR, which in recent years have varied between 60,000 and 70,000 tons a year, are especially important to the domestic textile industry. At the same time Yugoslavia is an important exporter of finished textile products to the USSR, whereby it covers the necessary imports of textile raw materials from that country.

Yugoslavia is an important exporter of clothing, and exports of clothing to the USSR have a particular importance in that framework. In the period since 1980, with certain fluctuations in total exports of clothing, including exports of clothing to the USSR, exports to that country have absorbed more than 50 percent of total Yugoslav clothing exports.

Table 7. Yugoslav Exports of Clothing, in millions of dinars

	Clothing Exports		Clothing Exports to USSR		
Year	Value	Growth Rate (in %)	Value	Growth Rate (in %)	Share in Total Clothing Exports
1973	2,502	--	1,136	--	45.4
1974	2,725	8.9	1,104	-2.8	40.5
1975	3,719	36.5	1,938	75.5	52.1
1976	4,280	15.1	2,123	9.5	49.6

Table 7 (continued)

Year	Clothing Exports		Clothing Exports to USSR		
	Value	Growth Rate (in %)	Value	Growth Rate (in %)	Share in Total Clothing Exports
1977	4,109	-4.0	3,198	50.6	77.8
1978	9,837	139.4	3,724	16.4	37.9
1979	10,672	8.5	3,310	-11.1	31.0
1980	17,598	64.9	9,142	176.2	51.9
1981	26,714	51.8	15,936	74.3	59.6
1982	24,426	-8.6	12,741	-20.1	52.2

Note: 1973-1977 $1 U.S. = 18.25 dinars
1978-1982 $1 U.S. = 41.80 dinars

Source: "Statisticki godisnjak Jugoslavije" [Yugoslav Statistical Yearbook], for 1978 and 1983.

Aside from that, Yugoslavia is an important exporter of knitwear to the USSR. For example, over the period from 1980 to 1984 exports of knitwear to the USSR have been larger than exports of ready-made cloth garments to that country according to commodity lists and have ranged at the level of about $75-100 million a year, with a pronounced tendency toward reduced growth or stagnation of those exports.*

Soviet Imports of Textile Products

The Soviet Union is a significant importer of products of the textile industry, especially ready-made cloth garments and knitwear. Total Soviet imports of clothing and underwear (not including ready-made leather and fur clothing) amounted to about 1,104,000,000 rubles in 1982 (about $1.5 billion at the rate of 1 ruble = $1.30), which represented about 3.7 percent of total USSR imports that year. By comparison with 1972 Soviet imports of clothing and underwear have increased about 2.2-fold, or at an average annual growth rate of about 8 percent.**

In 1978 imports of clothing and underwear from Yugoslavia amounted to 75.7 million rubles; in 1981 these imports reached a maximum of 87.4 million rubles, and in 1982 these imports dropped to the level of 72.9 million rubles, which in nominal terms is less than the imports in 1978. Imports from the SFRY had a share of 9.3 percent in total Soviet imports of clothing and underwear in 1978, 8.3 percent in 1981, and 6.6 percent in 1982. These figures show the declining importance of imports of clothing and underwear from the SFRY in total Soviet imports of these products, and beginning in 1981 there

* GLASNIK PRIVREDNE KOMORE JUGOSLAVIJE I OPSTIH UDRUZENJA [HERALD OF THE ECONOMIC CHAMBER OF YUGOSLAVIA AND THE GENERAL ASSOCIATIONS], Belgrade, 1984.
** Calculated on the basis of data given in "Vneshnyaya torgovlya SSSR v 1982 g." [USSR Foreign Trade in 1982], collection of statistics, Ministry of Foreign Trade, Moscow, 1983.

came a drop in absolute terms, which the proposal for long-term commodity trade in these products over the period from 1986 to 1990 would to some extent overcome.

Imports of knitwear into the USSR increased from 236.7 million rubles in 1972 to 618.5 million rubles in 1981, and then in 1982 these imports dropped off somewhat to 597.2 million rubles. Over the period 1972-1982 imports of knitwear into the USSR increased about 2.5-fold, or at an average annual growth rate of about 9.2 percent. Imports of knitwear had a share of about 1.1 percent in total USSR imports in 1982.* The trend of knitwear imports into the USSR has shown a moderate growth over the period from 1972 to 1979, and then in 1980 and 1981 there came an abrupt growth of these imports, which was followed by stagnation in the period 1982-1984, and a certain growth of these imports is forecast for 1985.

Imports from Yugoslavia represented 119.5 million rubles of total Soviet imports of knitwear in 1981 (150 million clearing dollars), which represented 19.3 percent of total Soviet imports of knitwear. The importance of imports of knitwear from the SFRY is also indicated by the fact that in 1982 imports from Finland, which is ranked second on the list of countries exporting these products to the USSR, were half the size of imports of knitwear from the SFRY. In 1982 imports of knitwear from the SFRY amounted to 88,675 million rubles, or about 160 million clearing dollars. This drop in imports of knitwear from the SFRY expressed in rubles occurred because of the rise in the rate of exchange of the ruble against the accounting unit--the clearing dollar. Even in that year Yugoslavia held its leading position in the ranking of exporters of knitwear to the USSR, but its advantage over other important exporters--Hungary, the GDR, Finland, India and Czechoslovakia--was considerably reduced.** However, in 1983, as economic difficulties became more severe in the SFRY, especially the diminished opportunities for importing raw materials and intermediate products for the knitwear industry, there was a very rapid drop in the exports of these products to the USSR to only 90 million clearing dollars in 1983.***

Potential for Exporting Products of the Textile Industry to the USSR Over the Period 1985-1990

The Yugoslav textile industry occupies an important place in the USSR's imports, which has resulted from the production capacities in place and the quality of the textile products. Ready-made cloth garments and knitwear have been particularly successful in keeping up with the most up-to-date fashion trends in the world, so that the offering of Yugoslav collections to the USSR, which is very diverse in its assortment and material, is important to marketing products of the Yugoslav textile industry. Over the period 1981-1985 the Soviet market absorbed about 35 percent of total exports of textile products,

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* Calculated on the basis of data given in "Vneshnyaya torgovlya SSSR v 1982 g.," Ministry of Foreign Trade, Moscow, 1983, pp 8, 43.

** Ibid., p 96.

*** According to the figures of "TRIKO UNION," a business community, Belgrade, 1984.

whereby the USSR confirmed its position as the most important trade partner with respect to products of the Yugoslav textile industry. In 1982 the USSR market accounted for 46 percent of total exports of clothing and 42 percent of total exports of other ready-made textile goods.*

The potential for selling the products of the textile industry on the market of the USSR is important over the coming 5-year period (1986-1990). It is anticipated that visible trade with the USSR in the domain of the textile industry over that period will stand by the traditional assortment of exports and undergo expansion with fashionable new articles. This creates real prospects for increasing exports of ready-made cloth garments and knitwear over the period 1986-1990 at an average annual rate of about 9 percent.

Accordingly, over the period 1986-1990 we might anticipate a growth of exports of ready-made cloth garments to the USSR, including trade through department stores, from about $80 million in 1986 to $140 million in 1990. This corresponds to an average annual growth of about 12 percent, while exports of knitwear products would increase from about $117 million in 1986 to about $140 million in 1990, or at an average annual rate of about 4.5 percent.

These projects of exports of the products of the domestic textile industry over the coming 5-year period have been given on the basis of the real capabilities of the producers and under the condition that the necessary imports of raw materials are provided for, wool and cotton first of all. The textile industry is marketing more and more of its goods abroad; however, its processing capacities are underutilized. The reason certainly lies in the fact that 75 percent of the raw materials are imported. Accordingly, in order to increase output and reduce the dependence upon imports there is a need for a higher level of organization and direction of efforts toward organizing the production of domestic raw materials, intermediate products and equipment for the purpose of import substitution. However, since this change of direction cannot be accomplished in a short period of time, it is not realistic to anticipate any significant reduction of the import dependence of textile raw materials and intermediate products very soon, including any significant imports of these products from the USSR. This will inevitably influence the possibilities for total exports and for development of this branch of the economy and also planned exports of those products to the USSR.

For the normal process of production and to achieve the planned exports of products of the textile industry to the USSR over the period 1986-1990, imports of Soviet cotton will have to be increased from 75,000 tons in 1985 to about 110 million tons in 1990, and imports of Soviet wool will have to stand steady at 5,000 tons. Assuming these imports of Soviet cotton, 60-70 percent of the needs of the domestic textile industry for imports of this raw material would be covered, the indispensable conditions would be created for achieving the planned exports of finished textile products to the USSR. If the planned imports of Soviet cotton are not provided for, and when we take into account the difficulties and restrictions on purchases on the convertible markets,

* Business Community of the Yugoslav Ready-Made Clothing Industry, Belgrade, 1984, and POSLOVNA INFORMACIJA, No 1, 1984, pp 62-63.

fulfillment of production and export programs of the textile industry would be threatened, and that will affect exports of these products to the Soviet market. Exports of textile products to the USSR will naturally depend not only on the capability of the domestic textile industry, but also on the planned import needs and capabilities of this country, which in view of the present international trade situation are assumed to be reduced to some extent. Assuming the anticipated larger orientation of the USSR toward importing these products from the member countries of CEMA as well as from countries outside the integration with which the USSR has a trade surplus--India, Finland, Italy, etc.--it is anticipated that Yugoslav exports of textile products will be exposed to much greater strains and competitive struggle on the Soviet market than has been the case in the past.

7045
CSO: 2800/278

YUGOSLAV-SOVIET COMMODITY TRADE LISTS FOR 1983

Belgrade SLUZBENI LIST SFRJ (MEDJUNARODNI UGOVORI supplement) in Serbo-Croatian No 9, 2 Nov 84 pp 366-372

[excerpted from Protocol]

List 1

Goods Delivered to SFRY from USSR in 1983

	Quantity or value
Machine tools for cutting according to agreed-upon specifications	190
Forging equipment and presses according to agreed-upon specifications	37
Woodworking machinery	20
Supplies and spare parts for woodcutting, wood-shaping and woodworking tools	$700,000
Supplies and spare parts for energy equipment	$500,000
Semiconductor components for industrial electronics	$300,000
Suspended glass insulator parts	300,000
Electric motors for cranes	110
Direct current electric motors	72
Electric ovens	6
Ultra-porcelain cylinders	15 tons*

* on the condition that specifications are met

Low-tension equipment	$500,000
Automatic switches types A-3710, A-3750, and Elektron	10**
GPK combines for mine drilling	3
Various mining equipment including HTZ equipment and spare parts	$700,000
Deliveries of dredging machines as part of cooperative effort:	
ES-6/45M	2
ES-10/70A	1
Automated line KL 2002	1 line
Drilling equipment:	
UBV-600	1
IBA-15N	6
Equipment for oil industry, various equipment for drilling and spare parts	$750,000
Hoists, latticed (kozlovie [gantry])	6
Automative hoists KS-3571, 10 ton capacity, telescopic	10
Automative hoists KS-4571, 16-ton capacity, telescopic	6
Hoists with rubber tires KS-5363A, 25-ton capacity	2
Pipe-laying equipment	4
Spare parts for hoists and road construction machinery	$750,000
Dreding machines:	
EKG-5A	2
E-10011E	2

** quantities to be determined after inspection of sample

ETC-165	5
ETC-252	2
EO-2621A	2
Spare parts for dredging machines	$1,000,000
Bulldozers on T-100 MZ, T-130 tractors	20
Various road construction machinery	$500,000
Food industry equipment	$100,000
Sewing machines, special, for industrial footwear	55
Machines for covering and stretching leather for industrial footwear	20*
Technical equipment for electronics	28*
Looms, type STB	200
Various equipment for textile industry	$3,100,000
Equipment for chemical industry and for polymer industry	$1,500,000
Equipment for paper production and spare parts	$1,600,000
Pumps, types KAMA 5, MALIS	15,000
Equipment for printing industry	$1,000,000
Oxygen-cryogenic and autogenous equipment	$600,000
Medical equipment	$420,000
Cinema equipment and spare parts	$70,000
Duplicating equipment and spare parts	$66,000
Cathode tubes for black-and-white TV equipment	120,000*
Electronic industry parts	$3,800,000*

* with the option of increasing the order

Components and parts for stationary and portable radios	$1,000,000**
Components and parts for black-and-white televisions	$1,400,000**
Ball bearings	$7,100,000*
Electrical-measuring and radio-measuring devices	$540,000
Devices for physical, optical-mechanical, and weather testing	$900,000
Tractors, TDT-55A	5
Tractors, T-100 MZ, T-130	20
Spare parts for tractors	$7,000,000
Agricultural machinery	
Self-propelled combine for silaging KSK-100	10
Self-propelled combine for gathering castor oil KKS-6	5
Self-propelled combine for gathering beets KS-6B	10
Presses for hay and straw PS-1,6, PKP-1,6	40
Various agricultural machines and spare parts	$1,200,000
Metal- and wood-cutting tools and measuring tools	$1,000,000
Diamond tools, artificial diamond powder, polycrystal tools	$2,000,000
Abrasive tools, tolsl of elbora	$430,000
Battery-powered mining locomotives, explosion-resistant	5

* with the option of increasing the order

** on the condition that specifications are met, with the option of increasing the order

Elecrtric trains ER-31	8
Other railroad equipment and spare parts	$400,000
Trolleybuses	35
Spare parts for trolleybuses	$150,000
Freighter for carrying dry loads, universal, capacity 13500 tons, type Dnjepar	1
Passenger boat with underwater airfoils, type Kometa	2
Passenger boat with underwater airfoils, type Meteor	1
Ship, Nevka type	2
Marine equipment and spare parts	$7,000,000
Aviation needs, motors, spare parts, general maintenance, and transporters SOM-64	$8,000,000
Belaz commercial vehicles	20
Private vehicles	
VAZ-469B	500
VOLGA	100
MOSKVIC LUKS	300
Spare parts for private and commercial vehicles (excluding VAZ parts)	$12,000,000
Deliveries based on cooperative efforts	
As equivalent value for components and parts for VAZ private automobiles	
VAZ private automobiles	20,000*
Spare parts for VAZ private automobiles	$6,500,000
As equivalent value for complete set of parts for KAMAZ commercial vehicles	

* quantities to be determined by agreement

Commercial vehicles	
KAMAZ-chassis	700
KRAZ-chassis	300
Various machinery	
Coking coal--schist	1,600,000 tons
Anthracite	200,000 tons
Naphtha	4,500,000 tons
Petroleum for lighting	50,000 tons
Gas oil	500,000 tons
Crude oil for heating	100,000 tons
Petroleum coke	10,000 tons
Mineral oil and lubricants	10,000 tons
Creosote oil	11,000 tons*
Natural gas	3,000,000 cu. mt.
Iron ore (concentrate)	120,000 tons**
Manganese ore	40,000 tons
Chromium ore	55,000 tons
Chromium ore from Donske deposit (36-38% Cr203)	20,000 tons
Asbestos	32,000 tons
Cement	250,000 tons
Apatite concentrate (39, 4% P205)	25,000 tons
Kaolin	10,000 tons

* with the option of increasing the order

** with the option of increasing the order by 100,000 tons of ore for agglomeration

Crude iron	100,000 tons***
Castings, steel	100,000 tons
Semifinished articles, rolled and extracted products of iron and steel industry	199,000 tons
Exchange of iron and steel industry products	$100,000,000
Tinplate	4,000 tons
Cold-rolled strip	3,000 tons
Nickel	2,200 tons
Aluminum:	40,000 tons
includes aluminum for cable industry	10,000 tons
Zircon	150 kgs.
Chromium oxide	900 tons
Potassium bichromate	500 tons
Potassium ferrocyanid	200 tons
Potassium chloride	500 tons
Lithium hydroxide	60 tons
Toluol	.3,000 tons
Vinylchloride	10,000 tons
Carbon disulfide	2,500 tons
Caprolactum	3,500 tons
Boric acid	820 tons
Xylene	2,500 tons
Copper sulfate	1,130 tons
Nickel sulfate	50 tons
Potash (100%)	600 tons

*** with the right to exchange it for scrap iron

Coumarone resin	125 tons
Sap resin	100 tons
Butylene alcohol	1,500 tons
Isobutylene alcohol	7,000 tons
Isopropyl alcohol	1,000 tons
Sodium sulfate	5,000 tons
Red phosphorous	50 tons
Sodium bichromate	2,500 tons
Borax	200 tons
Ethyl acetate	1,500 tons
Ethyl benzene	2,000 tons
Acetone	1,000 tons
Butyl acetate	500 tons
Synthetic-organic dyes	$1,000,000
Diaminophosphate	540 tons
Ammonia	60,000 tons
Styrolene monomer	10,000 tons
High-pressure polyethylene	600 tons
Plant-care agents	$1,400,000
Various chemical products	$1,000,000
Potassium fertilizers (60% K20)	300,000 tons
Ammonia sulfate 20.5% N	100,000 tons
Carbamide (46.1% N)	45,000 tons
Pneumatics	$4,000,000
Synthetic rubber	25,000 tons

Softwood pulp	800,000 warehouse meters
Sawmill-cut softwood	200,000 m3
Wood pulp	60,000 tons
Cable paper	2,000 tons
Cotton	65,000 tons
Raw pigskin	200,000 pieces
Seeds and planting material	$11,000,000
Pharmaceutical raw materials and medicines	$5,000,000
Kitchen salt	20,000 tons
Industrial consumer goods	
Bicycles	30,000
Black-and-white televisions	20,000
Spare parts for televisions	$55,000
Dishware and table utensils	$1,700,000
Watches	300,000
Spare parts for watches	$30,000
Cameras	20,000
Camera equipment	$100,000
Movie cameras	6,000
Musical instruments	$1,000,000
Sport hunting arms and sport fishing gear	$2,650,000
Sports equipment	$550,000
Camping equipment	$2,100,000
Folk handicrafts	$130,000
Toys	$680,000

Teaching aids	$120,000
Ornamental glass	400,000 m3
Household chemicals	$140,000
Porcelain	$200,000
Technical merchandise	$140,000
Small agricultural tools	$400,000
Lamps	50,000
Meat-grinding equipment	110,000
Newspapers, stamps, phonograph records	$740,000
Movies	$140,000
Various goods	$50,000,000

Supplement

List 2

Goods Delivered by SFRY to USSR in 1983

	Quantity or price
Drills, including special types	97
Six-spindle automatic, type Gildemeister	20
Universal milling machine tools, table width 200-400mm	120
Other machines tools used for cutting	82
Programming and numerical indication devices for machine tools	$2,000,000
NC components for Rjazanski Institute	$1,500,000

High-speed spindles for interior grinding	$1,000,000
Components for small-scale machine systems	$300,000
Hydraulic presses for packaging, force 120 tons	80
Mechanical presses, open, one-sided action, force 125-500 tons	50
Hydraulic "apkant" presses, force 160-600 tons	20
Cutters for small beams, 315-1,600 tons	40
Hydraulic guillotine cutter 20-32 mm	20
Presses, automatic, mechanical, high-speed, type, Raster	40
Pneumatic friction couplers for presses	12,000
Various presses and forging machines, according to agreed-upon specifications	40
Spare parts for machine tools, forge equipment and presses	$3,500,000
Spare parts for equipment of Kamske vehicle factory	$1,200,000
Warehouse equipment	$700,000
Oil transformers, 100 to 1,600 KVA, 35 KV capacity	240 MVA
KTP general purpose, force 160 and 250 KVA, capacity 35 KV	200 MVA
Electrical tension equipment 15-20 KV	$2,000,000
Automatic switches, type A-3720	10*

* quantities to be determined after inspection of sample

Corrugated-packing components and electric switches	
capacity 25 A	350,000
capacity 100 A	50,000
High-tension insulators and products from pressed porcelain	$3,000,000
Deliveries based on cooperative efforts, components and parts for dredging machines	
ES-6/45 M	25 complete sets
ES-10/70 A	21 complete sets**
Metallurgic equipment	8,000 tons**
Machines for pressure casting	6
Molds for pressure casting machines	$3,200,000
Fountain fittings of equal flow for pressure of 700 kg/cm3, complete with columnar heads	30 complete sets
Supplies and parts for electric cars, motorcars, and electric powered loaders	$115,000
Chain transporter, capacity 175 tons/hour	200
Baking ovens with wire floor, surface 50-100 m2	5
Automated line for production of durable forms of baked goods	$1,300,000
Machines for packing biscuits in boxes K-467 (samples)	2
Equipment for baking industry, various	$1,000,000
Lines for aseptically canning and preserving tomato sauce	1 line

** with options of increasing order

Tunnel-shaped dryer for fruit and vegetables, type CER	5
Line for production of tomato sauce 300-500 tons/day	3 lines
Line for production of tomato sauce P-500-800 tons/day	6 lines*
Spare parts for baking industry	$1,300,000
Spare parts for canning industry	$1,370,000
Spare parts for fodder industry	$1,100,000
Vacuum evapoarator for condensing milk	4**
Stainless steel fittings for milk pipeline	$3,000,000***
Equipment for producing apple juice, capacity 8 tons/hour	1 line
Line for preparation and drying of plums, capacity 3 tons/hour	10 lines
Line for aseptically preserving semifinished articles	1 line
Line for slaughtering, processing, and packaging poultry	1 line****
Complete equipment for processing powdered eggs, capacity 50 kg powder/ hour	6 com-plete sets*****
Spare parts for sugar industry	$1,000,000

* terms of delivery determined by agreement

** provided positive results obtained after testing sample

*** with option of increasing order

**** with the aid of delivery during the first quarter of 1984

***** terms of delivery according to agreement

Line for cleaning and peeling potatoes	10 lines*
Temperature regulation devices	$1,230,000
Complete set-up for textile machinery, according to agreed-upon specifications	$400,000
Equipment for completion of ready-made clothing production lines	$55,000
Equipment for leather and footwear industry	$8,000,000
Presses for vulkanizing conveyor-belts	3
Spare parts for chemical industry equipment	$1,500,000
Equipment for production of polyethylene containers	300,000
Cutting machines with band saw	6
Saws for cutting bone	500
Equipment for Universam stores	$1,650,000
Equipment for social maintenance kitchens, complete with spare parts	$1,300,000
Various equipment for trade business	$575,000
Boilers for food preparation, 300 liters with spare parts	1,000
Automated telephone exchanges, by special order	$27,000,000
Automated long-distance telephone exchanges (automatic switching components) with spare parts	$30,000,000
Automated telephone stations, telex, complete with measuring and cable products, mounting devices, and spare parts	$6,500,000

* quantities to be determined after inspection of samples

Microphone and telephone modules for telephones	$3,000,000
Housings for transistors TO-18, TO-39	$2,000,000
Components and assemblies for electronic telephones	$1,000,000
UHF/VHF selector knobs with push buttons and sensors	$4,500,000
Modules for electronic watches with faces	$685,000
Sound boxes 20-100 W	$700,000
Special technical equipment and tools according to agreed-upon nomenclature for communications industry	$700,000*
Portable typewriters, Traveler	$3,700,000
Analogue units for hybrid computer system GVS 100	$960,000**
Medical equipment, including assemblies, components and parts for X-ray machines	$4,100,000
Industrial fittings, steel	20-25,000 tons
Metal-cutting tools	$1,100,000
Locksmith and installation tools	$500,000
Ball bearings	$3,500,000
Abrasive tools and sandpaper	$650,000
Monometers, according to agreed-upon specifications	$275,000
Measuring apparati and viscosity-meters, temperature indicators; cables	

* amount of delivery to be stated more precisely by agreement

** end of delivery according to 1982 agreements

and auxilliary devices for these apparati for taking samples	120 complete sets
Fan belt and "semerinzi"	$18,000,000
Rubber for pump of milking equipment	$2,000,000
Spare parts for agricultural machines	$700,000
Vibration rollers with complete sets of spare parts	200*
Centrifigal connectors for line to generator underneath freight car	250
Electrical braking equipment for electric trains	$600,000
Tugboats, sea-going, power 600 KS	3
Tugboats, power 2,300 KS	5
Marine equipment and spare parts for ship maintenance	$6,000,000
Marine equipment and shipbuilding materials	$2,000,000
Ship maintenance	$27,500,000*
Sport boats	$70,000
Marine firefighting equipment	$6,700,000
Deliveries as part of cooperative effort; components and parts for assembly and production of VAZ private automobiles	$60,200,000
Components and parts for assembly of KAMAZ commercial vehicles	$85,000,000
Complete part sets for Moskvic-Lux private automobiles	$4,100,000
Semitrailers, tankers for transporting naptha derivatives	100

* with option of increasing order

Spare parts for vehicles and trailers	$200,000
Spare parts for auto repair shop equipment	$400,000
Lead storage batteries, starting and industrial	$50-650,000,000
Nickel-cadmium batteries for freight cars and locomotives	$11,000,000
Voltage sources according to KAMAZ specifications	$1,300,000
Industrial buildings of light metal components	$27,400,000*
Various machines and equipment	
Cable products according to agreed-upon specifications	$60,000,000
Hydrated alumina	500-600,000 tons
Silicide metal	10,000 tons
Pipes for oil pipeline and gas pipeline	50,000 tons
Machine belts	1,200 tons
Gallium connecting chains	600,000 meters
Gallium chains for agricultural machines	60,000 meters
Molded pieces of gray steel for PVC pipes	$820,000
Steel mesh, woven	500,000 m2
Exchange of an assortment of iron and steel industry products	$100,000,000
Zinc	35,000 tons
Lead	55,000 tons
Rolled products of copper and brass	7,000 tons

* with option of increasing order

Aluminum foil	1,000 tons
Aluminum tubes	$1,000,000
Anhydrous maleic acid	5,000 tons
Accessory agents for textile and leather	$4,100,000
Printing inks	600 tons
Paints and lacquers	21,000 tons
Includes:	
-autoenamel	14,000 tons
-plastisols	2,500 tons
Pigments	1,500 tons
Alkyd-acryllic resin AS-3	14,000 tons
PVC foil	520 tons
Plant-care products	$15,000,000**
Linoleum	2,500,000 m2
Synthetic floors, type Vinfleks, and others	$1,400,000
Conveyor belts, temperature stable	40,000 m
High-pressure hoses	$5,000,000
PVC pipes and fittings	$5,500,000
Decorative plastic	$1,300,000
Sanitation-building equipment	$1,000,000
Aluminum structures	$4,800,000
Sawmill-cut broadleaf woods	25-30,000 m3
Veneer	10,000,000 m2
Cigarette paper	1,000 tons

** on condition that prices and specifications agreed upon before 31 March 1983 are still in effect

Carton container material	$1,400,000
Cotton thread	$5,000,000
Seeds and planting materials	$45,000,000
Corn	300,000 tons
Tobacco	5 tons
Meat	40 tons
Canned meats	16 tons
Delicatessen products	1 ton
Pasta	10 tons
Dried plums	12 tons
Canned vegetables	4 tons
Canned fruits	4 tons
Baby food	$9,000,000
Concentrates and spices	$4,000,000
Wine	$2,000,000
Cigarettes	1 billion
Sugar	50,000 tons
Goods for restaurant "Beograd"	$1,000,000
Wool fabrics	1,600,000 meters
Cotton fabrics	8,000,000 meters
Cotton fabrics blended with other fibers	2,600,000 meters
Decorative and furnishing fabrics	1,500,000 meters
Ready-made clothing from textiles	$50,000,000
Leather and fur ready-made clothing	10,000,000
Knitted fabrics (at least 75% wool)	$74,000,000

Leather and skaj fancy decorative accessories	$3,000,000
Leather gloves	200,000 pairs
Leather footwear	12,000,000 pairs
Women's accessories	$2,100,000
Furniture (also includes deliveries in accordance with cooperative effort)	$50,000,000
Medicines	$70,000,000
Veterinary medicines	$1,500,000
Household chemical products	$1,000,000
Cosmetic products	$1,000,000
Sporting goods and equipment	$700,000
Public lighting fixtures	$550,000
Home lighting fixtures	$2,700,000
Heating burners	30,000
Electric ranges	75,000
Spare parts for electric and gas ranges	$500,000
Goods for specialized stores	$60,000,000
Printed matter, stamps, and phonograph records	900,000
Printing services	$3,000,000
Movie films	$250,000
Printing of film advertisements	$1,300,000
Various goods	$50,000,000
Construction projects in USSR*	

* amount of work to be determined by agreements

9548
CSO: 2800/166

YUGOSLAV-GDR COMMODITY TRADE LISTS FOR 1983

Belgrade SLUZBENI LIST SFRJ (MEDJUNARODNI UGOVORI supplement) in Serbo-Croatian No 9, 2 Nov 84 pp 373-377

[excerpted from Protocol]

List A 1983

Exports from the Socialist Federal Republic of Yugoslavia to the German Democratic Republic

No.	Name of goods or serviees	Quantity	Price $000
1.	Fresh fruit, vegetables, pulp, juices, fruit and vegetable products		5,000
2.	Various seeds and seedlings		3,100
3.	Yeast	1,000 tons	
4.	Wine		20,300
5.	Tobacco	1,250 tons	
6.	Feathers		5,500
7.	Chemical raw materials and products		9,000
8.	Pharmaceutical raw materials and products, including zinc bacitracin		3,850
9.	Exchange of PVC "S"		5,700
10.	Titanium dioxide	11,000 tons	
11.	China clay	3,000 tons	

12. Enamel frits		1,600
13. Rubber and rubber products		5,200
14. Plastic products		400
15. Exchange of rolled products of iron and steel "S"		3,600
16. Exchange of steel pipes "S"		7,000
17. Rolled products of aluminum, copper, and zinc		830
18. Aluminum in bulk	27,000 tons	
19. Aluminum semifinished products	3,000 tons	
20. Individual zinc pieces	9,900 tons	
21. Electrolytic copper	1,470	
22. Copper semifinished products	630 tons	
23. Bauxite "Krupa"	3,000 tons	
24. Light-weight drainage pipes and molded pieces		1,500
25. Castings, iron and steel		17,000
26. Aluminum castings		6,800
27. Pneumatic devices "S"		4,200
28. Refrigeration units "S"		1,900
29. Industrial fittings "S"		2,000
30. Sanitation fittings		6,100
31. Freight car fittings and marine fittings		1,850
32. Equipment and machines for foundries		800
33. Energy equipment (including vibrating and moveable grating) and generators for firebox		16,000
34. Models and molds for foundries		1,600

35. Pumps	100
36. Parts for freight cars	2,200
37. Components and parts for forklift	950
38. Metallurgic equipment and components	1,300
39. Construction equipment	2,000
40. Marine repairs	2,500
41. Equipment, installations, and spare parts for chemical industry	3,000
42. Machines for textile, leather, and footwear industry and spare parts	2,000
43. Cooperative effort involving sewing machines "S"	1,200
44. Machines for processing plastics and rubber, including "S"	900
45. Machine tools	12,000
46. Cooperative effort involving milling machines "S"	2,100
47. Cooperative effort involving machine tools for removing shavings "S"	800
48. Tool carriers	3,500
49. Shaping tools	3,750
50. Cutting tools	4,850
51. Other tools (hand, electric, clamping)	2,880
52. Roller bearings, standard parts and other metal goods	2,000
53. Private vehicles	[amount to be determined]
54. Spare parts for private vehicles	1,100
55. Parts and components for motor vehicles	7,100
56. Agricultural machines, including tractors and spare parts	2,500

57. Equipment for food industry	1,500
58. Packing machines and spare parts	1,100
59. Equipment for baking industry and spare parts	1,600
60. Irrigation machines and parts	500
61. Parts for motor wheels and outboard motors	500
62. Injection diesel pumps	400
63. Bicycles and parts	1,100
64. Gallium and connecting chains "S"	5,400
65. Medical technology and medical consumables	1,100
66. Low-tension equipment "S"	5,000
67. Active electronic elements, including electronic tubes	5,000
68. Passive electronic elements	3,600
69. Instruments for measuring time and parts "S"	1,500
70. Finished metal Simens-Martin crystal	1,100
71. Electronic elements "S" for analytic measuring devices	3,200
72. Parts for optical instruments "S"	1,300
73. TV repeaters	600
74. Separaters 35 KV capacity	100
75. Commutators	1,300
76. High-tension safety fuses	250
77. Other electronic-technical products	1,800
78. Electrical installation material	3,400

79. Installed components for electrical and electronic consumer goods		1,350
80. Electric insulating paper		600
81. Cables and conductors		300
82. Pressed porcelain		1,000
83. Automotive light bulbs		800
84. Lead batteries		1,300
85. NiCd batteries		1,000
86. Cooperative effort- Enterprise for Automation and Industrial Metrology "S" [EAIM]		1,000
87. Telex data exchanges		1,500
88. Office machines (typewriters)		1,200
89. Components for installation in intermediate mechanical diffraction "S"		1,800
90. Silica brick		200
91. Glass and ceramic products, includes laboratory glass		650
92. Hemp yarn		900
93. Textile products		28,000
94. Leather footwear	350,000 pairs	
95. Leather sporting footwear	100,000 pairs	
96. Leather ready-made clothing		200
97. Collaborative effort in light industry "S" including:		
-textile industry		6,000
-footwear industry	200,000 pairs	
-paper and wood pulp industry		5,200
-lumber industry (including machines for lumber industry)		2,000

98.	Sawmill-cut broadleaf and beech woods, furniture, and furniture parts		2,100
99.	Veneer	818,000 m2	
100.	Textile cellulose fiber	8,000 tons	
101.	Consumer goods		5,100
102.	Exchange of consumer goods		2,300
103.	Homemade articles		300
104.	Toys and sports equipment		150
105.	Literature, journals, and films		500
106.	Construction and installation services		11,000
107.	Licensing and scientific-technical services		1,000
108.	Services		47,000
109.	Miscellaneous (including completing work)		10,000

List B/1983

Exports from German Democratic Republic to the Socialist Federal Republic of Yugoslavia

No.	Name of goods or services	Quantity	Price $000
1.	Seeds and seedlings		2,000
2.	Potassium salts 60%	268,000 tons	
3.	Sodium sulfate	26,000 tons	
4.	Potassium sulfate 50%	4,000 tons	
5.	Fluorite		550
6.	Acheson graphite and other products		50
7.	Acrylonitrile monomer	3,300 tons	

8. Organic and inorganic chemicals		20,500
9. Other chemical products, including dissolving solutions		10,000
10. Pharmaceutical raw materials and products		3,300
11. Exchange of VCM "S"		5,700
12. Organic dyes, including auxilliary agents for textile and leather industry		5,300
13. Plastic products		900
14. Synthetic rubber	10,000 tons	
15. Various film products		3,200
16. X-ray films "S"	500,000 m2	
17. Rubber and rubber products		4,200
18. Kaolin sand for glass		1,300
19. Optical.instruments, laboratory glass, and other glass products		1,200
20. Construction glass and construction ceramics		2,400
21. Exchange of rolled iron and steel material "S"		3,600
22. Exchange of steel pipes "S"		7,000
23. Rolled iron and steel material including:		5,000
-highly refined steel	600 tons	
24. Steel casts		1,500
25. Hydraulics "S"		2,900
26. Refrigeration unit "S"		1,200
27. Industrial fittings		2,000

28. Pumps	400
29. Industrial reducers	500
30. Strip mining equipment	27,200
31. Cement machine and spare parts	2,000
32. Equipment for steel cord	350
33. Wire-making machinery	2,200
34. Crankshafts	500
35. Foundry equipment	2,400
36. Castings (range burners)	200
37. Equipment for factories which build housing	200
38. Construction equipment and machinery	2,500
39. Metallurgy equipment	2,000
40. Hoisting equipment	2,500
41. Products for heavy machinery production	2,000
42. Equipment, installations, machines, and spare parts for the chemical industry	1,000
43. Equipment and machines for the textile, leather, and footwear industries	17,000
44. Equipment for public laundries	1,500
45. Machines for processing plastics and rubber, including "S"	3,000
46. Polygraph machines	5,500
47. Equipment for food industry	2,400
48. Farm equipment and installations	2,400
49. Packing machines and spare parts	4,000

50. Agricultural machines and spare parts	2,300
51. Gallium connecting chains "S"	750
52. General machine production equipment	2,000
53. Roller bearing machines	14,000
54. Machine tools	15,000
55. Cooperative effort involving milling machines "S"	2,100
56. Cooperative effort involving machine tools for removing shavings "S"	800
57. Components for machine tools for processing by deformations	850
58. Tools (machinists' hand, cutting)	5,200
59. Cooperative effort involving sewing machines "S"	1,200
60. Products of metalworking industry	5,000
61. Materials testing devices	400
62. Hermetic compressors	2,100
63. Roller bearings	2,400
64. Medical and laboratory technical equipment	1,700
65. Various metal goods, including hunting equipment	1,800
66. Auto-electrics for vehicles	2,000
67. Electrical installation material "S"	3,400
68. Electrical insulation material	1,250
69. Low-tension equipment "S"	6,000
70. Automobile light bulbs "S"	800
71. Cooperative effort involving EAIM "S"	1,000
72. Active electronic components	2,000

73. Passive electronic components	1,000
74. Instruments for measuring time and spare parts "S"	2,600
75. Precision mechanics, optical instruments, including parts for optical instruments "S"	2,000
76. Optical and mechanical products	150
77. Finished metal products- silico-monocrystal	900
78. Products of scientific apparatus industry	7,500
79. Analytical-measuring devices "S"	3,200
80. Intermediate mechanical diffraction machines, including "S"	7,700
81. Electronic measuring devices	350
82. Photographic-cinemagraphic technical equipment	500
83. Teletypewriter and supplies	150
84. Electronic medical equipment and supplies	600
85. Cables and conductors	2,100
86. Equipment for laboratories and for testing devices	520
87. Buholc-relays	200
88. Measuring and testing devices	100
89. LH devices	110
90. Middle-frequency and heating devices	750
91. Galvanic laboratory equipment	940
92. Automatic device and spare parts	600
93. Electrical industry products and spare parts	6,000

94. Writing machines		4,000
95. Private vehicles	5,000 units	
96. Spare parts for private vehicles		2,600
97. Vehicle parts and components		2,100
98. Motor wheels	3,000 units	
99. Spare parts for motor wheels		400
100. Marine supplies and spare parts		1,000
101. Other machines, installations, equipment, and spare parts, including metal structures		17,000
102. Aluminum tableware		600
103. Various papers and cardboard		1,700
104. Electronic and electrical consumer goods		6,000
105. Consumer goods (including household and hotel porcelain)		16,500
106. Exchange of consumer goods		2,300
107. Textile products		10,100
108. Homemade articles		300
109. Sawn lumber, coniferous		1,200
110. Collaboration in the area of light industry "S" including:		
-textile industry		6,000
-footwear industry		1,000
-paper and wood pulp industry		5,200
-lumber industry		2,000
111. Books, journals, and films		500

112. Goods based on general agreement for aluminum*	46,500
113. Goods based on general agreement for zinc; includes:	3,200
-metallurgic products	1,800
-annuities for equipment (strip mining)	1,400
114. Goods based on general agreement for copper; includes:	2,200
-metallurgic products	1,200
-annuities for equipment (strip mining)	1,000
115. Goods based on general agreement for textile cellulose; includes:	3,500
-base goods**	1,800
-supplemental goods**	1,700
116. Licensing and scientific-technical services	1,500
117. Services	23,000
118. Miscellaneous	3,000

* according to Supplement 1
** according to agreement between commercial partners

Supplement 1

List

Goods Which the German Democratic Republic Will Deliver According to Number 112 of List "B/1983" of the Protocol on Exchange of Goods and Services Between the Socialist Federal Republic of Yugoslavia and the German Democratic Republic for 1983

General Agreement on Aluminum

No.	Name of goods	Quantity	Price $000
A.	Base goods		25,600
1.	Anodes		14,800
2.	Chemical products ($2 million of this hydrated alumina)		3,600
3.	Metallurgic products		7,200
B.	Supplemental goods		20,900
1.	Anuities for Jugolinija		10,700
2.	Packing machines		300
3.	Polygraph machines		700
4.	Automobile spare parts		1,000
5.	Pneumatics shops		400
6.	Household and hotel porcelain		1,600
7.	Various paper products		1,400
8.	Artificial leather		700
9.	Chemical products		2,400
10.	Cement (Fco [as published, presumably free of charge] Hungarian-Yugoslav border)		30,000

9548
CSO: 2800/166

EXTENSION OF COMMODITY CREDITS FROM USSR

Pristina JEDINSTVO in Serbo-Croatian 14 Feb 85 Delegatske Novine p 13

[Text] Organizations of associated labor such as the "Omarska" Iron Ore Mine, the "Toranica" Lead and Zinc Mines, "Zletovo," "Sasa" and "Srebrenica," the Factory for Production of Heavy Concrete and the Smederevo Metallurgical Combine will be able to conclude new contracts with Soviet organizations so that up to January 1986 they can use the remainder of the credit, that is, obtain all the equipment previously contracted for from the Soviet Union. This will be possible only when the Chamber of Republics and Provinces ratifies the Agreement on Amendments and Supplements to the Agreement Between the Government of the SFRY and the Government of the USSR on Economic and Technical Cooperation in Construction and Reconstruction of Industrial and Other Projects in the SFRY (Act of the Assembly 497).

The Federal Executive Council submitted the bill on ratification of this agreement to the SFRY Assembly a few days ago.

Equipment and Machines From the USSR

In that agreement, which was concluded between our country and the USSR on 2 November 1972, the Government of the USSR assumed a commitment that through its organizations it would see that Yugoslav organizations are delivered equipment, machines, certain materials and construction machines manufactured in the Soviet Union. Cooperation under the agreement, it is stated in the substantiation supporting the bill, has lasted from 1973 to the end of 1984.

The level of credit under this document on cooperation amounted to 540 million accounting dollars, and with the supplement accompanying the protocol dated December 1977, the credit was raised to 750 million accounting dollars. The period for repayment of the credit was 10 to 12 years, and the rate of interest was 2 percent per annum. Repayment of the credit began in the year following the end of completion of delivery of equipment envisaged by the contract for each individual industrial enterprise or project or after the year in which certain operations were completed.

New Conditions for Credit Financing

The agreement has been amended and supplemented because about 63 million accounting dollars of credit went unused, and those resources were to be used

for projects on whose construction quite a bit of capital has been committed and has gone on for a long time. Use of the remainder of the credit on favorable terms and conditions, it is stated in the substantiation of the bill, would be very important for all those projects. The Soviet side, however, did not want to extend the credit under the terms and conditions envisaged by the agreement dated 2 November 1972, but offered conditions which were somewhat less favorable for our country for the use of the remainder of the credit.

That is why it was agreed that the period for use of the credit envisaged by the 1972 agreement be extended to 1 January 1988. The Yugoslav side would repay the unrealized portion of the credit, as of its standing on 1 January 1985, over 10 years in equal annual installments, but repayment of the credit would begin 2 years after their delivery. The interest on the credit will be 4 percent, and it will be computed from the date of use of the portion of the credit in question.

The agreement also provides that the amount of each payment will be adjusted by the competent banks of the parties to the agreement (the National Bank of Yugoslavia and the USSR Bank for Foreign Trade) if the value of one unit of special drawing rights in U.S. dollars relative to the rate of exchange of the International Monetary Fund changes in either direction more than 2.25 percent against the base value of the special drawing rights unit, which would prevent use of this right by the adjustment made. It also states that the countries will establish by agreement other mutually acceptable mechanisms which will protect them from losses occurring because of fluctuations on the international foreign exchange market.

The important thing for our country is that the Yugoslav side will pay off this credit and the interest computed on it, as in the past, by delivering goods to the Soviet Union, but within the framework of the Yugoslav-Soviet trade agreement in effect at the time when the credit is repaid.

7045
CSO: 2800/270

CSSR-USSR AGREEMENT ON ROBOTICS

LD230003 Prague CTK in English 1649 GMT 22 Mar 85

[Text] Moscow, 22 Mar (CTK correspondent)--An agreement between the governments of Czechoslovakia and the Soviet Union on cooperation in the development of robot technology complexes and flexible production systems and on the establishment of an international scientific technical association, Robot, was signed here today.

The new agreement is one of the first practical applications, within Czechoslovak-Soviet economic and scientific technical cooperation, of the conclusions of last year's economic summit of Council for Mutual Economic Assistance member states in Moscow. The Robot association is the start of a new type of cooperation, and implementation of the agreement will be a significant contribution to the further development of the two countries' economies, the two signatories, deputy premiers Jaromir Obzina and Gury Marchuk said at the signing ceremony. Jaromir Obzina is chairman of the Czechoslovak State Commission for scientific technical and investment development and Gury Marchuk is chairman of the Soviet State Committee for Science and Technology.

Under the agreement, Czechoslovak-Soviet cooperation in the Robot association in the 1985-1990 will focus on three spheres:

--Drafting the concepts of development of robot complexes, flexible production systems and their control, and solving legal questions concerning patents,

--Working out type projects of flexible automated systems for machining and forming technologies,

--Producing prototypes and trial series of machines, equipment and production systems developed in the association.

Robot will be based in the town of Presov in East Slovakia.

"The agreement is a new form of economic relations between Czechoslovakia and the Soviet Union," Jaromir Obzina told CTK correspondent here.

He noted that the agreement contains binding provisions for the use of robotized complexes and flexible production systems which will be assembled from high-performance machines and equipment manufactured on the basis of joint results of research and development of Czechoslovakia and the Soviet Union.

The signing of the agreement represents the adoption of a joint program consistently proceeding from strategic scientific technical programs in both Czechoslovakia and the Soviet Union. The document is a practical tool of socialist economic integration because it proceeds from priority lines of CMEA states cooperation up to the year 2000, namely from the program of comprehensive automation of production processes, the minister said.

He noted that the agreement makes possible joint development, designing and cooperation in production with an expected higher share of exports to the Soviet Union, which provides lasting guarantees of exports of machinery and equipment. This also enhances the prospects of development of demanding branches of engineering and electrical engineering in Czechoslovakia, Jaromir Obzina stressed.

CSO: 2400/343

BRIEFS

CONTRACTS WITH USSR ENTERPRISES--Leipzig, 12 March (ADN)--The Takraf foreign trade enterprises of the GDR and Maschinoimport of the USSR at the Leipzig Fair today signed long-term export agreements worth a total of 372 million roubles. The heavy engineering construction combine Takraf will deliver railway rotary, caterpillar rotary, dock, and excavator cranes to the USSR in 1986-1988. Representatives of the Fortschritt Landmaschinen foreign trade enterprises of the GDR and Tractorexport of the USSR signed contracts worth a total of 315 million roubles for mutual deliveries of agricultural machinery products. The Soviet partner will receive swath forming mowers, field choppers, fertilizer technology, and seed preparing plant. The GDR will receive mostly tractors and agricultural implements. The GDR foreign trade enterprise Baukema will deliver immersion and external vibrators and a concrete mixing plant to Promaschimport in 1985 and 1986. [Text] [East Berlin ADN International Service in German 1836 GMT 12 Mar 85 LD]

PRISMATIC COMPONENTS PLANT FOR USSR--Leipzig, 11 March (ADN)--The Soviet Union is importing a further flexible manufacturing system for the processing of prismatic components from the GDR. The contract for this complete plant, worth 23 million roubles, was signed at the Leipzig fair today by the WMW-Export-Import Foreign Trade Enterprise and the Soviet enterprise Stankoimport. The chief supplier of the plant will be the Rawema works in Karl-Marx-Stadt. The Soviet Union and the GDR also agreed today on mutual deliveries of cutting and non-cutting machine tools and machines for special technological tasks worth a total of 250 million roubles. [Summary] [East Berlin ADN International Service in German 1626 GMT 11 Mar 85 LD]

CONTRACTS WITH SOCIALIST COUNTRIES--Leipzig, 10 March (ADN)--Numerous contracts were signed on the first day of the Leipzig Fair. It was agreed to supply spare parts to the USSR for 11 rolling mills worth 40 million roubles in 1986 and 1987. The SKET foreign trade enterprise signed contracts with the Soviet foreign trade enterprise Atomenergoeksport for the supply of two rotary cranes for Soviet new generation nuclear power stations and with Metallurgimport for the export of 12 metallurgical cranes. The GDR publicly-owned Metallurgiehandel Foreign and Domestric Trading Company signed contracts with the Romanian foreign trade enterprise Metalexportimport within the framework of the exchange of rolled steel for mutual deliveries of some 21,000 metric tons. The foreign trade enterprise Kali-Bergbau is exporting 40,000 metric tons of potash fertilizer to the DPRK. Thirteen printing units for sheet-fed rotary offset machines are being supplied to the CSSR foreign trade enterprise by the Polygraph foreign trade enterprise, and the Takraf foreign trade enterprise of Bulgaria is purchasing lifting and transporting equipment worth some 62 million roubles. [Summary] [East Berlin ADN International Service in German 1740 GMT 10 Mar 85 LD]

CSO: 2300/370

GEGPRIFTI ON EFFICIENCY DRIVE IN MAJOR COMBINE

AU132054 Tirana RRUGA E PARTISE in Albanian No 2, Feb 85 pp 5-14

[Article by Llambi Gegprifti, AWP Central Committee Politburo candidate member: "We Are Furthering the Experience Gained in Raising Production Efficiency"]

[Excerpts] The party and Comrade Enver Hoxha, the efficiency of the economy and the stable finances, have always been greatly valued from a just Marxist-Leninist position and also from the basic economic policies of building socialism with our own means.

In our socialist order, the increase of efficiency is a basic function of the economic law of socialism, as is the continual increase of the material and cultural level of the working masses, through the increase of social products.

In the capitalist and the bourgeois revisionist countries, the rise in efficiency means greater profits for the exploiting classes on the one hand, and higher poverty of the working masses on the other.

Enver Hoxha's teachings and recommendations on economic matters and on the efficiency of the social product are a huge wealth of Marxist-Leninist thoughts and are part of a precious treasure that has been added to the golden chest of the works of our party. These are a sound economic theoretical basis for the education of all communists, cadres, the masses, in order to raise their ideopolitical level.

Enver Hoxha's definition of economic efficiency in socialism, resulting from various economic factors of the social product, is a scientific one, and of great value to our workers.

For the implementation of the party's ideas and recommendations, the party organizations at the "Enver Hoxha" auto-tractor combine, have paid great attention to the problem of raising production efficiency and made it the duty of all the working masses. The implementation of measures in exploiting the complex factors that influence raising production and efficiency have made it possible for the index of production plans to be fulfilled and overfulfilled. Within four years we have successfully fulfilled and overfulfilled the fundamental objectives of the Seventh Five-Year Plan in raising economic efficiency, raising production, lowering costs, increasing the net income in production of machinery, parts, tractors, etc.

At the Ninth Central Committee Plenum it was stressed that the rise of production efficiency depends on a series of interlocking factors some of which are: raising production cost savings, strengthening the regimen of raw material savings and their concentration, making the best of production capacity and of basic raw materials, deepening of the techno-scientific revolution, good administration of social property, perfecting technology and improving quality, perfecting, organizing and directing the day to day workload, strengthening proletarian discipline, etc.

While looking at these factors during the past and present programs to raise efficiency, we have been concentrating on both sides of socialist production in the direction of strengthening production forces as well as in the continual relations in production under the combine's conditions. The party organizations and their cells have done an excellent job in explaining and instilling the ideological belief in the working masses about production efficiency, making sure that the theoretical and practical aspects of the development of the socialist economy are understood by all workers, by everyone mobilized and by everyone who undertakes concrete actions for their implementation at each centre of social production.

In increasing and strengthening the production power, particular attention has been given to man, to his revolutionary class education, to his scientific and techno-professional education as the most important element in raising economic efficiency in production.

In this endeavour, the combine's party organizations and their cells, have worked diligently, with creativity and new working methods, always ready and with revolutionary dynamics.

CSO: 2100/33

ONE IN TEN HOUSEHOLDS MUST SHARE APARTMENT

AU252039 Prague TRIBUNA in Czech No 12, 20 Mar 85 p 17

[Article by Jan Velka: "Housing Construction"]

[Excerpts] The volume of the construction of new apartments in the CSSR is high. Between 1970 and 1980, an average of more than 120,000 new apartments were built every year. In the current quinquennium, according to expected plan fulfillment, the number should be between 95,000 and 100,000.

As for the number of new households in the CSSR, the annual increment is between 35,000 and 45,000. It would thus seem that the current rate of housing construction should be absolutely sufficient to meet the needs of the population. For the time being, however, this is far from being the case. At present, about 10 percent of all households still do not have an apartment of their own, and in some localities, particularly in Prague, the waiting period for an apartment is disproportionately long.

This development has a number of causes. It is influenced, for example, by the relatively rapid increase in the number of so-called small households, that is, households having one or two members. But the use of apartments itself, too, plays a considerable role. Of the 1,263,000 new apartments built between 1970 and 1980, for example, 45 percent were used as a substitute for lost housing stock. There has also been an increase in uninhabited apartments, mostly in family houses but, recently, also in apartment blocks. The modernization of older apartments, too, continues very slowly. For example, only 13 percent of the apartments to be modernized in the Seven 5-Year Plan [1981-1985] were actually modernized by the end of 1983. In a way, the current situation is also due to the existing system whereby apartments are preferentially allocated to stabilize manpower.

CSO: 2400/343

DUTY TO REPORT CRIMINALITY URGED

AU280855 Bratislava PRAVDA in Slovak 26 Mar 85 p 1

[Editorial: "The Duty to Report"]

[Text] In March 1983 the CPCZ Central Committee Presidium and the CSSR Government adopted the resolution on the duties of agencies and organizations to report felonies and punishable offenses to the prosecutor's office and to the offices of the National Security Corps. This act was based on the experience acquired by these same agencies and organizations, which unflatteringly spoke (and, deplorably, even today continue to do so) of great shortcomings in almost all socialist agencies and organizations. Understandably, the duty to report was contained in various documents even prior to 1983; however, with time both dilatoriness and opportunism unconcernedly degraded this duty in practice to a nearly zero level of importance, and thus condemned it to oblivion. However, life has shown that in this instance forgetfulness harmed the society and opened the doors wide to various loiterers, bad stewards, and small and large thieves; and that it became necessary to remind them and their superiors very resolutely their duty to report punishable offenses and felonies to the prosecutor's office and to the offices of the National Security Corps, understandably shifting it to a prominent place in the hierarchy of duties laid down for the managers and control agency officials.

Many things can be done in a year; but the first and basic requirement is the good will to act. However, even today one cannot speak of any rapid positive changes. Progress can be noticed to the better knowledge people working in the socialist organizations have about the legal provisions which make it a duty to report felonies and punishable offenses to the prosecutor's office and to the offices of the National Security Corps. However, this is so to speak, merely a very small step in this direction, as nothing much has changed regarding an actual fulfillment of this duty. In fact, the participation of agencies and organizations in the investigation of felonies still does not in the least live up to their tasks and status as administrators of national property. The people who are responsible have for years been programmatically cultivating the alibist opinion that the exposure of the perpetrators of economic felonies is solely the duty of members of the National Security Corps. Who knows by what right they have excluded themselves from the circle of people who are duty bound to do so; but the thing is that their well-nurtured intentional ignorance forces us in the end to state that the agencies of the National Security Corps are exposing up to 90 percent of all punishable economic crimes and that the modest remainder is divided among the members of intra-enterprise and departmental control divisions and staffs for whom this duty follows from their job description. If we use in this context the cliche about vestiges of a number of shortcomings in the sphere

mentioned above, then we merely underscore the inconsistent, even undignified, approach these people have to the elaboration and implementation of the Letter of the CPCZ Central Committee Presidium to Party Officials and Organizations for Increasing the Efficacy of the Fight Against Violations of the Principles of Socialist Legality, Morale, and Discipline; and of the Set of Measures for Forestalling Unjustified Self-Enrichment and for Ensuring a More Efficient Recourse Against Property and Property Benefits From Dishonest Sources.

If we say we have achieved no significant progress in fulfilling the duty to report, then it is also advisable to take a look at the contents and gravity of the reported issues. According to prosecutors' findings last year, suspicion of the theft of property in socialist ownership prevails in their structure. There were far fewer instances of violations of duties in the operation of a socialist organization or violations of working discipline being reported. In both instances, however, the suspicions primarily concerned felonies and punishable offences perpetrated by unknown persons. In this way, if something was lost in a working place, according to the reports by those responsible, some stranger was the guilty person--even though one probably knew that it was an inside job. The only thing was that the insider could hold an important function; and what if this would,God forbid, undermine his authority? And anyway, nothing much has happened (?), and after all, we're among friends. Of course, this contradicts the party statutes, and also several party and state decrees; we have here a classical manifestation of opportunism, which then gave birth to more and more such manifestations--and suddenly there was a circle that was cut through only by the members of the National Security Corps; and in the end all wondered what kind of wheeling-dealing some people in their vicinity had dared to engage in.

The tendency to cover up punishable economic activities was also confirmed by the almost 500 findings of prosecutors and offices of the National Security Corps, which have never been reported by the heads of organizations or their control divisions. The punishable activity was mainly directed against property in socialist ownership and against economic discipline. Of course, this is illegal behavior, which is "rewarded" in only one way. That is also why what happened had to happen, in view of the social danger of such benevolence, of false comradeship, and of the hiding of one's own shortcomings in management and of the neglect of control duties. The prosecutor's investigated the criminal responsibility of the appropriate manager, controller, or inspector; and they drew disciplinary conclusions with respect to them. Thus, for instance, the district prosecutor in Poprad brought an action against the former director of the Agrostav enterprise because he intentionally refrained from reporting to the prosecutor or to the officials of the National Security Corps his suspicions concerning punishable activity. Whereas, in fact, he knew from the data submitted to him by the intra-enterprise control about the poor quality of the hayloft foundations that had been produced. These had to be broken up and recemented; the damages to the organization amounted to almost Kcs100,000. There simply was nobody to blame for the abortive product, and, instead of looking for the culprit (or did he know him), the director made great efforts to send the whole matter, so-to-speak, off the field.

The practices of certain managers can be called peculiar, to say the least, or even antisocial: they have arbitrarily and, of course, illegally, usurped the right to decide on what is to be reported to the prosecutor's office and the officials of the National Security Corps, and what is not. As a result, the situation has developed that the heads of the inspection and control groups first

inform the head of the organization of their findings; and only then, according to his instructions, do they either fulfill their duty to report, or not. If we are lenient in classifying such behavior, we cannot but say outright that this represents a violation of Paragraph 40 of the Notification No 75/1959 on the fulfillment of the duty to report. If one asks for the reason, one of the most essential reasons mentioned is, in the first place, the subordination and dependence of the workers of control divisions in organizations on the arbitrary will of their superiors. And here ends every lenient approach to this weighty and responsible duty. One must thus ask: On what basis, and with whose blessings do the heads of organizations permit themselves consciously to cover up punishable activity? How high is the moral and political profile of these people whom the party has entrusted with the responsibility for the protection and augmentation of material and spiritual values created by the honest work of hundreds and thousands of working people?

The assessment of a felony or punishable offense can be called lack of interest, dislike, or an unqualified attitude. We mean by this those situations when the culprits are found in an organization, but their behavior is nevertheless qualified and punished merely as a violation of working discipline. In this connection each of you is surely alarmed by the feeling that much energy is being spent here to suppress the culprit and perpetrator of the deed, to conceal the irresponsible behavior of other workers for whom I am responsible, or even my own such behavior. And thus the persons responsible for the perpetration of a felony or a punishable offense are not prosecuted; neither is anything done to return the property gains illicitly acquired. And this raises to the first place in topicality the task of higher departmental officials to guide in the correct direction the managers of socialist organizations, as well as their controversial legal divisions, so that they know how to appraise correctly and in time the need to fulfill the duty to report, and especially so that they show an interest in doing this.

Because, in fact, this is a most necessary and irreplaceable duty. But the main thing is to understand it correctly. The socialist organizations should and must be more consistent in making use of all measures; they should not rely on punitive measures in those instances when they should apply their authority They should also not fall into another extreme--into alibist reporting of those instances, the solution of which falls into their own exclusive responsibility. This requires a principled attitude toward the fulfillment of one's own duties, an attitude rid of opportunist influences either in the organization itself, or else outside it. Thus, the first and main thing here is the consistent fulfillment of party and government resolutions and decrees, and on this basis the protection of social ownership against theft and damage; the first and main thing is the restoration of the people's trust in the party, in its correct course in the selection of managers in socialist organizations, in its principled course in resolving moral and political blunders. We are concerned with the members of control and revision divisions being unbribable and honest--that means, in the final analysis, with the level of man's legal and social awareness in the socialist society.

CSO: 2400/342

CPCZ'S FOJTIK ADDRESSES SUMPERK DISTRICT MEETING

LD300012 Prague Domestic Service in Czech and Slovak 1400 GMT 28 Mar 85

[Text] Jan Fojtik, candidate Presidium member and secretary of the CPCZ Central Committee, today addressed the aktiv of chairmen of enterprise-wide, town and local CPCZ committees, CPCZ grassroot organizations' Committees of Sumperk District, devoted to the topical questions of party work in implementing the conclusions of the 16th CPCZ Congress. The aktiv was held at Zabreh na Morave.

He discussed, above all, the development of our economy and stressed that, thanks to the results of the previous two years, the dynamics of the national economy have been strengthened. The main remaining task is the intensification of production, development of science and technology, introduction of a strict regime of economies and strengthening of discipline. Jan Fojtik further stressed the need for new economic thinking on the part of the people leading to the above-mentioned course, which is closely connected with mobilization of activity and initiative of the working people and focussing of political indiscrimination on the young generation. In the next part of his address he mentioned the coming 40th anniversary of the culmination of the national liberation struggle of the Czechoslovak people and the liberation of our homeland by the Soviet Army. He rejected the attempts of the Western countries to falsify history and the liberation role of the CSSR in World War II. As he said, all our plans for the development of socialism are conditioned by peace in the world. In conclusion Comrade Jan Fojtik stressed that the preparation for the 17th CPCZ Congress will be an opportunity for the party and all the working people even more to mobilize their forces for further development of the socialist society.

CSO: 2400/342

CSSR SAID TO LAG IN DEVELOPMENT, IMPLEMENTATION OF ROBOTICS

AU021437 [Editorial Report] Bratislava PRAVDA in Slovak on 29 March on page 2 carries a 900-word Jozef Krsko commentary, entitled "New Forms of Cooperation," which is devoted to the agreement signed in Moscow on 22 March between the CSSR Government and the USSR Council of Ministers on cooperation in the development of "robo-technical" complexes and "flexible" production systems, and the setting up of the ROBOT international research and development agency in Presov, where the main building of the ROBOT agency is already in operation.

The robo-technical complexes and flexible production systems will "bring a new quality to production and subsequent operations," Krsko says, adding at the same time that "we in the CSSR, unfortunately, do not yet have conditions for a mass application of this quality in practice. An individual deployment of robots and positioning devices is not sufficiently efficient, and if this situation predominates, then it is also because we do not have sufficient creative, production, and investment potential to deploy them more extensively. Thus far we have developed only a few basic robots and positioning devices that are not able to fill the needs of all sectors of the national economy."

Krsko continues: several of them are not being manufactured because facilities for their production have not been finished and, last but not least, their price, compared with what they can do, is far too high. To put it concisely: The small Czechoslovak economy is not up to going it alone in robotics; if it wants to make headway, it must actively join the international division of socialist labor.

"It would be naive to think that the signing of the cooperation agreement and the opening of an office building will automatically lead to the elimination of shortcomings," there is much more work to be done in that respect, Krsko states and quotes Jaromir Obzina, CSSR deputy premier and chairman of the State Commission for Research and Development and Investment Planning, as having said in an interview the CPCZ daily RUDE PRAVO that the approved program for the immediate period foresees joint research, development, and follow-up production of 5 types of automated equipment, 12 types of industrial robots and positioning devices, and 26 types of robotized complexes.

CSO: 2400/342

BRIEFS

CHINESE ECONOMY REFORMS--Beijing (CTK)--A plenary meeting of the National People's Congress, the Chinese Parliament, opened in Beijing on Wednesday [27 Mar]. The government report on the "State of the Chinese Economy and Reforms of the Economic Structure" was presented by Zhao Ziyang, premier of the State Council. He said that the Chinese economy has sustained stable growth in the last few years and that national income has also been growing. Reforms and an increase in the economic and technological foreign exchange are important features in the economy at present. For instance, more than 700 enterprises with foreign capital participation have already been set up. The report further points out the high costs in the national economy, inadequate control in using credits, and unjustified increases in the price of goods. The tense situation in the power industry, transport, and in the supplies of raw materials and semifinished products persists. Premier Zhao Ziyang also drew attention to the fact that wages have been growing faster in the past few years than both labor productivity and the national income and called for struggle against economic crime. [Text] [CTKL correspondent's report: "China: 700 Enterprises With Foreign Capital Participation"] [Prague RUDE PRAVO in Czech 28 Mar 85 p 7]

COOPERATION WITH POLAND--Vladimir Blazek, CSSR minister of transport, and Janusz Kaminski, Polish minister of transport, signed on 20 March in Warsaw a protocol on Czechoslovak-Polish cooperation in transportation for this year and also a preliminary plan of cooperation in transportation for 1986-90. [Summary] [Bratislava PRAVDA in Slovak 21 Mar 85 p 6]

HOPES GROWING--The 1985 state plan foresees a harvest of 14,200 metric tons of hops. The crop is grown on 11,507 hectares of hop-gardens in the CSSR, more than 6,000 of which are in North Bohemia. Some 80 percent of the hops grown in North Bohemia are exported. [Summary] [Prague ZEMEDELSKE NOVINY in Czech 20 Mar 85 p 3]

MARIJUANA GROWING--Almost 4 kilograms of marijuana were found by the criminal police in the apartment of Matyas H., aged 24, from Prague. He brought the hemp, which was allegedly grown on Czechoslovak territory, to Prague last October. The young drug addict was apprehended. [Summary] [Prague ZEMEDELSKE NOVINY in Czech 20 Mar 85 p 4]

ECONOMIC CRIME--According to Colonel Jaroslav Chalupa of the Criminal Service Administration of the Ministry of the Interior of the Czech Socialist Republic, security bodies in the Czech Socialist Republic investigated more than 13,260 criminal acts of an economic nature last year, with damages totaling more than Kcs150 million. Theft of property in socialist ownership accounted for almost 45 percent of all discovered cases. [Summary] [Prague ZEMEDELSKE NOVINY in Czech 20 Mar 85 p 4] Only 13 percent of all discovered cases of economic crime were reported by economic organizations, control agencies, and individual citizens, with the Public Security Corps accounting for the remaining 87 percent. [Summary] [Prague MLADA FRONTA in Czech 20 Mar 85 p 2]

AGRICULTURAL COOPERATION WITH POLAND--Miroslav Toman, CSSR minister of agriculture and food, received on 13 March Kazimierz Grzesiak, Polish deputy minister of agriculture and food economy. They discussed a long-term program of cooperation between their ministries until 1990, particularly in the sphere of grain, legumes and oil-yielding crops seeds, in fruit growing, in the sphere of fodder, and bilateral cooperation in the potato, starch, and canning industry. [Text] [Prague RUDE PRAVO in Czech 14 Mar 85 p 2]

SWAPO DELEGATION'S DEPARTURE--A delegation of the South West African People's Organization [SWAPO], led by its General Secretary Afdimba Toiva Ja Toiva [name as published], ended its visit in the CSSR and left on 13 March. [Summary] [Prague RUDE PRAVO in Czech 14 Mar 85 p 2]

ANGOLAN DELEGATION DEPARTS--The delegation of the Popular Movement for the Liberation of Angola (MPLA)--Labor Party, led by Evaristo Domingo Kimba, member of the party's Politburo and Angola's minister of agriculture departed on 15 March from the CSSR; the guests were seen off by Frantisek Pitra, CPCZ Central Committee secretary. [Summary] [Prague RUDE PRAVO in Czech 16 Mar 85 p 2]

SOIL EROSION IN SLOVAKIA--The exact extent of the area of soil erosion in Slovakia is not known yet. Erosion is being assessed with the aids of many indicators and criteria. It has been estimated that erosion in Slovakia endangers about 1.2 million hectares of soil, that is, about 45 percent of the total area of agricultural land. [Excerpt] [Bratislava ROLNICKE NOVINY in Slovak 18 Mar 85 p 3]

RABIES IN SLOVAKIA--Cases of rabies were reported last year from 271 formerly unaffected Slovak localities, [passage indistinct] at the turning point of 1983-84 only 69 places were registered where the disease occured. Veterinary service staff recorded a total of [number indistinct] sick animals, of which 296 were foxes, 31 cats, 21 dogs, and a bear. It has been ascertained that, with the exception of Bratislava and the Bunajska Streda, Poprad, and Stara Lubovna Districts, rabies exist practically in the whole of Slovak territory. Despite the fact that the inoculation of dogs against rabies is mandatory, many dog owners ignore this. [Summary] [Bratislava ROLNICKE NOVINY in Slovak 18 Mar 85 p 3]

ENGINEERING COOPERATION WITH GDR--Pavol Bahyl, CSSR minister of general engineering, returned home from Leipzig on Saturday [15 March]. During his working visit he had had talks with Guenther Kliber, member of the Politburo of the SED Central Committee, deputy chairman of the GDR Council of Ministers, and minister of general engineering, agricultural machinery and vehicle building. On the agenda was the further deepening of cooperation and specialization in the automobile industry and in the production of agricultural machinery. To this end also serves the government agreement on technical, economic, and scientific-technical cooperation between the CSSR and the GDR and other documents which the two counterparts signed at the end of their talks. [Excerpt] [Bratislava PRAVDA in Slovak 18 Mar 85 p 2]

SOVIET MACHINE TOOL DELEGATION--A Czechoslovak delegation, led by Jaromir Obzina, CSSR deputy premier and chairman of the State Commission for Scientific-Technical Development, arrived in Kosice by air from Moscow on 22 March. Together with the Obzina-led delegation there also arrived a Soviet delegation, headed by Boris Balmont, USSR minister of machine tool and tool building industry. On 23 March the two delegations will take part in the opening of a project that is going to be the seat of the new ROBOT international scientific-technical association. [Summary] [Bratislava PRAVDA in Slovak 23 Mar 85 p 5]

COOPERATION WITH EGYPT DISCUSSED--Egyptian Vice Premier Kamal Hasan 'Ali has received Frantisek Langer, CSSR "first" deputy minister of foreign trade, who is attending the 18th international fair in Cairo. They discussed, in particular, issues connected with further economic cooperation between their two countries. [Summary] [Bratislava PRAVDA in Slovak 22 Mar 85 p 7]

SLOVAK CONSTRUCTION SHORTFALL--According to Slovak Minister of Construction Dusan Miklanek, the cold weather in the first 2 months of the year caused a shortfall in the planned tasks amounting to about Kcs832 million; this constitutes a 9-day volume of construction work. [Summary] [Bratislava PRAVDA in Slovak 22 Mar 85 p 2]

GDR DELEGATION'S DEPARTURE--A delegation of the GDR National Front, led by Lothar Kolditz, ended its visit in the CSSR on 22 March and left Prague for home in the evening. [Summary] [Prague RUDE PRAVO in Czech 23 Mar 85 p 2]

SAUL RETURNS FROM BRAZIL--Eduard Saul, CSSR minister of metallurgy and heavy engineering, who headed a Czechoslovak delegation attending the inauguration of the new Brazilian President Tancredo Neves, returned from Brazil to Prague on 22 March. [Summary] [Prague RUDE PRAVO in Czech 23 Mar 85 p 1]

DUTCH DELEGATION'S DEPARTURE--A delegation of the Netherlands Committee for European Security and Cooperation, led by its acting Chairman Miklos Racz, which was paying a visit to the CSSR at the invitation of the Czechoslovak Committee for European Security and Cooperation, left for home on 21 March. [Text] [Prague RUDE PRAVO in Czech 22 Mar 85 p 2]

KOREAN WORKERS PARTY DELEGATION--A delegation of the Central Committee of the Korean Workers Party, headed by Kim Kwang-chin, head of the Economic Department of the Central Committee of the Korean Workers Party, arrived in Prague on Thursday [21 March] at the invitation of the CPCZ Central Committee. The Korean guests acquainted themselves with experience acquired from party work in industry. [Summary] [Prague RUDE PRAVO in Czech 22 Mar 85 p 2]

AVIATION PRODUCTION PROTOCOL SIGNED--A protocol on the development of the Czechoslovak aircraft production for local transportation in the USSR was signed in Prague on 21 March by Pavol Bahyl, CSSR minister of general engineering, and Boris Bugayev, Soviet minister of civil aviation. The same day, Vladimir Blazek, CSSR minister of transportation, and Boris Bugayev signed an agreement on scientific-technical cooperation between the CSSR Ministry of Transportation and the USSR Ministry of Civil Aviation. [Text] [Prague RUDE PRAVO in Czech 22 Mar 85 p 2]

SOCIALIST ECONOMISTS' MEETING--A session of the Scientific Council of the International Institute for Economic Problems of the World Socialist System was held in Prague on 19-21 March. It was attended by scientists from Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, the USSR, the CSSR, and representatives of the CEMA Secretariats. [Summary] [Prague RUDE PRAVO in Czech 22 Mar 85 p 2]

BANK TALKS WITH FRG--Topics aimed at increasing the role of banks in the development of economic relations between the CSSR and the FRG were assessed in the course of bilateral deliberations and a joint session of representatives of Czechoslovak and leading West German banks, held in Prague on 19-20 March. [Text] [Prague RUDE PRAVO in Czech 21 Mar 85 p 2]

PRC RESOLUTION ON S&T REFORM--Beijing (CTK correspondent)--Beijing newspapers published on Thursday [21 March] the resolution of the Central Committee of the CCP on the reform of the scientific-technical system. The document states that the hitherto system of the management of science and technology has grave shortcomings that retard the full utilization of the abilities of Chinese scientists and the rapid introduction of scientific-technical findings into production. The reform envisages changes in the system of the allocation of resources for scientific and technical research and the opening of the market with technological knowledge. The state subsidies for research are to be gradually reduced. Banks will grant credits for scientific and technical research, and will control their utilization. [Text] [Prague RUDE PRAVO in Czech 22 Mar 85 p 7]

USSR-CSSR AGREEMENT ON ROBOTS--An agreement was signed 22 March in Moscow between the USSR and the CSSR governments on cooperation in the sphere of robotized complexes and flexible production systems and on the founding of an international scientific and technical association called "Robot." The agreement was signed, on the Soviet side, by G.I. Marchuk, deputy chairman of the USSR Council of Ministers and chairman of the State Committee for Science and Technology; and on the Czechsolovak side by J. Obzina, deputy chairman of the CSSR Government and chairman of the CSSR State Commission for Scientific, Technical, and Investment Development. The signing was attended by B.V. Balmont, USSR minister of the Machine Tool and Tool Building Industry; O.A. Chukanov, chief of a CPSU Central Committee section; and M. Zavadil, CSSR ambassador to the USSR. [Text] [Moscow PRAVDA in Russian 23 Mar 85 Second Edition p 4]

PZPR STUDY DELEGATION--Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee, today received a PZPR Central Committee study delegation led by Andrzej Dobrzynski, deputy head of a department of the party Central Committee. In the course of the comradely discussion, they paid tribute to the standard of economic and R&D cooperation between Czechoslovakia and Poland, the volume and structure of which broaden each year to the benefit of the economic development of both countries. They expressed their confidence that all the necessary prerequisites exist for closer mutual cooperation in the economic, R&D, and other spheres. [Text] [Prague Domestic Service in Czech and Slovak 1600 GMT 28 Mar 85]

ITALIAN BUSINESS DELEGATION--Prague, 30 Mar (ANSA)--The interest of Czechoslovak authorities in broadening economic relations with Italy was voiced by Deputy Prime Minister Jaromir Obzina, who is the head of the State Commission for Research and Development and Investment Planning, in a meeting here with a group of Italian businessmen. The Italian delegation, led by the director general of Montedipe, Paolo Morione, came to Czechoslovakia for a symposium held Wednesday and Thursday by Tecnimont, another company in the Italian state petrochemical giant Montedison. In 1984, Montedison sold 13.5 million dollars worth of its products on the Czechoslovak market. Economic and technical and scientific cooperation between the two countries is regulated by an agreement signed in 1976 and updated each year by the mixed commission. [Text] [Rome ANSA in English 0800 GMT 30 Mar 85]

ETHIOPIA COOPERATION PRAISED--The head of the Czechoslovak delegation, Bohumil Urban, minister of foreign trade, praised the results of the session of the intergovernmental Czechoslovak-Ethiopian Commission for Economic, Trade and Scientific and Technological cooperation. He said that the talks were very concrete, factual, open, and friendly. Despite the fact that there are many problems in Ethiopia caused by the long drought, the results of development in industry and agriculture are improving. Czechoslovakia has in the past built several factories in Ethiopia and has created the possibility of gaining orders for the building of further factories. Minister Urban emphasized that Ethiopia highly values cooperation with Czechoslovakia and despite its complicated situation fulfills its financial commitments. [Text] [Prague Domestic Service in Czech and Slovak 1100 GMT 29 Mar 85]

CSO: 2400/342

TRADE RELATIONS WITH SWEDEN DETAILED

Stockholm SVENSKA DAGBLADET in Swedish 19 Mar 85 p 4

[Article by Nils-Erik Lindell datelined Leipzig: "Swedish GDR Exports Are Further Improved"]

> [Text] Swedish exports to the GDR rose last year by 67 percent to 802 million kronor, while the East German exports to us declined by 11 percent to 2.8 billion. There were signs at the Spring Fair in Leipzig that this improvement in the trade balance is going to be further strengthened.

"I believe that the GDR has a clear idea that it is not all right to deal with a close trading partner in just any fashion," said Erik Uphas, head of Sandvik in Berlin.

Sweden complained, including at the trade negotiations in the fall of 1983, and it has obviously taken effect. But it is just as important that both Prime Minister Olof Palme and Minister Roine Carlsson visited the GDR last year.

"The GDR is still searching for its identity, and as a nation it is very sensitive," said Per Lundberg from Sweden's export council. "Visits of official persons therefore mean a lot."

Now grain comprises a large part of our export--in 1984 we sold 252 million kronor worth.

Grain is not a traditional trading commodity between our countries, and Embassy Counselor Axel Moberg at the Foreign Ministry believes that it would be rather easy for the GDR to increase the import if they wanted to tidy up the figures in the balance.

Record Harvest

The fact is that the GDR in 1984 had a record large harvest of grain. Siebold Kirsten, director general of the Foreign Trade Department in Berlin,

does not agree that they played games with grain imports in order to calm feelings in Sweden.

"We have intensive agriculture here in East Germany, and we have a standing need to import fodder--even in 1984, despite the record harvest of 11 million tons. Naturally we knew that Sweden had a surplus which they wanted to sell abroad."

Siebold Kirsten is also on the East German side the chairman of the mixed government commission which, among other things, conducts the direct trade deliberations between Sweden and East Germany. He therefore speaks with authority when he declares his belief that Swedish exports to the GDR will continue at a high level in 1985.

"We are very interested in buying machines and equipment for the metallurgical industry, iron, ore, paper, cellulose, chemical raw materials, textile machinery and grains."

Director Kirsten emphasized the value of the government commission's work, but even more that Sweden's head of government visited the GDR.

"We place a very high value on relations of that character."

One could surmise that he believes that Swedish companies should try a little harder if they want to achieve good results.

The Interest Problem

"It is not enough to want to sell. The proximity of the market is decisive, and then mostly participation in the trade fairs in Leipzig. We wish that more Swedish firms would come. It is not a question of square meters of display space, but just the proximity. To personally present the products and the services."

The high Swedish interest is a problem.

"We are very unhappy that Sweden is 2.5 percent above the consensus. We deplore that in our deliberations we could not bridge the gap. If we are going to be able further to develop our business relations we must be able to reach an agreement on the interest question."

What will the new 5-Year Plan mean for Sweden?

"Trade relations with Sweden are not going to be disturbed specifically, but I can recommend the 5-Year Plan as it is now laid out as very useful reading for Swedish exporters. They will find that we are investing heavily in the cellulose industry, in improving the efficiency of all industrial branches, in energy saving and the use of alternative forms of energy. There we know that Sweden will have much to offer."

East Germany is this year increasing its industrial productivity by seven percent. In order to sell this increased production, they are intensifying their marketing, also here in Sweden which is one of the GDR's largest customers.

"We expect to be able to sell more production machinery and equipment for the metal-working industry, among other things," said Siebold Kirsten.

Offensive

During Technical Days in Stockholm and Goteborg from 6 to 10 May, the GDR is going to attempt an offensive move forward. They will be aiming at professional areas, electronics, machine tools, scientific instruments, chemical industry, data processing and industrial furnaces.

Gunter Gruttner, deputy director general of the Central Bureau for International License Trade, also hopes to sell his services during his days in Sweden. Licence trade of the GDR worldwide has a value of five percent of foreign trade. That means about 700 million kronor. Every year about 600 licenses are sold, and as many bought.

"We still think that is too little, and are increasing our marketing now," said Gunter Gruttner.

"In Sweden we have Volvo and Alfa Laval as cooperating partners, among others. With Bofors Kemi we are developing an installation for manufacture of polyurethane which we hope to be able to sell in the Far East."

Within the graphics industry the GDR has a strong position in Sweden.

"Let us take an example," said Thomas Schneider, deputy director general in the foreign trade organ POLYGRAPH. "In the large format rotary offset machines we have a market share of over 50 percent. Even though we noticed that the Swedish economy has had a decline, we can now confirm that businesses have gained momentum again and this year we are capturing significantly over the normal export of six to eight million kronor."

"During my 3 years at the Leipzig Fair I have never seen the Swedish participants as optimistic as they are this year," summarized Per Lundberg from the Export Council--despite the big ones staying away.

Karl Axel Waplan, head of A. Johnson and Company in Berlin, is one of the optimists. He has already sold 30,000 tons of ore from LKAB, and has good hopes of being able to ship out 40,000 tons more before the summer. It is hoped that the latter order will be as large as the GDR total purchase of last year.

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CSO: 3650/211

BRIEFS

COOPERATION WITH YAR--Leipzig, 11 March (ADN)--At the end of the fourth meeting of the joint GDR-Yemen Arab Republic Commission, GDR Foreign Trade Minister Horst Soelle and the minister of economy and industry of the Yemen Arab Republic, Ahmed Qa'id Barakat, signed an agreement to intensify economic and technical cooperation. [Excerpt] [East Berlin ADN International Service in German 1943 GMT 11 Mar 85 LD]

FRENCH POLYETHLENE PLANT--Leipzig, 12 March (ADN)--The GDR foreign trade enterprise Industrieanlagenimport and the French firm S.A.T. Linde have signed a contract to set up a low-pressure polyethylene plant in the GDR. [Excerpt] [East Berlin ADN International Service in German 1844 GMT 12 Mar 85 LD]

CSO: 2300/369

DATA ON FUEL, POWER PRODUCTION, IMPORTS IN 1985

Electric Energy Balance Disrupted

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Jan 85 p 3

[Text] Domestic production equals consumption. Shortages in individual republics and in Vojvodina should be balanced by surpluses for the country as a whole and a combination of imports and exports of electric current.

This year Yugoslav electric power plants should produce 77.179 billion KWH of electrical energy, or 4.4 percent more than planned for last year. This production will come first of all from thermal power plants using coal and hydroelectric plants.

Table: Production of Electrical Energy by Source

	billion KWH
Coal-Operated Thermal Power Plants	40.953
Hydroelectric Power Plants	26.492
"Krsko" Nuclear Power Plant	3.954
Industrial Power Plants	3.000
Heavy Oil-Fired Power Plants	1.630
Gas-Fired Power Plants	1.150

The planned structure for electric power plant operations has been coordinated to assure proper balance in types and quantities of fuel, and production has been coordinated with consumption throughout the country. Some republics and the province of Vojvodina will have shortages again this year, while some will have surpluses, so that the inter-republic balance, combined with exports and imports, will be balanced overall.

Problems in supplying electrical energy occur in the case of larger hydrometeorological variations over an extended period that fall short of expectations, including drought and extreme cold. There are also breakdowns in major production and transmission facilities. In such cases, conservation measures must be put into force, and even consumption limits. Nonetheless, it is expected that the actual consumption this year will exceed last year's final

figures by 5.9 percent; last year's projected total was not reached because of restrictions in supply.

Increased Heavy Oil Supply

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Jan 85 p 3

> [Text] Of 15.88 million tons of derivatives, 5.33 million tons of heavy oil will be supplied. No exports of primary gasoline are expected.

This year consumers should have 15.88 million tons of petroleum derivatives available, or 2.4 percent more than last year. Of that total, energy consumption will receive 13.08 million tons (82.3 percent), while non-energy uses will consume 2.8 million tons, or 17.7 percent.

In the framework of energy consumption, which is planned to exceed last year's by 6 percent, the greatest share as before will be in the form of heavy oil, accounting for 47.7 percent (5.33 million tons), followed by diesel fuel at 26 percent and gasoline at 14 percent.

Among non-energy uses, which consume 2.8 million tons of fuel, the leading consumer is the petrochemical industry, using 1.6 million tons of petroleum. Non-energy uses will remain at last year's level, but the total amount appears to be smaller, so that exports such as those of last year are not anticipated.

Anticipated consumption of energy fuels will be satisfied and used-up reserves replenished if the expected balance of production of domestic petroleum, amounting to 4.1 million tons (or 2.5 percent higher than last year), along with 11 million tons of imported petroleum and a million tons of petroleum derivatives, actually occurs.

Since the utilization of planned processing is not in harmony with the structure of refinery equipment, the balance permits higher-quality refineries to compensate for oil use and use of their capacities by exporting surplus derivatives that would cover imports of deficit products, primarily "black goods." In this manner the needs of both refineries and consumers would be satisfied. In order to achieve these ends, previous imports of certain petroleum products must be continued; these factors are not the responsibility of the petroleum industry.

Energy Production Tempo Outlined

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Jan 85 p 3

> [Text] There should be enough high-quality fuel for industry. Besides production of 70 million tons, imports of 650,000 tons of high-quality types and exports of 450,000 tons of coal are anticipated.

This year there should be the planned amount of coal, and consumption should amount to 70 million tons. That is the amount the mines should produce, and it represents a 9 percent increase over last year.

The greatest increases will come in lignite, where a total of 51.8 million tons, or 9.4 percent more than expected for 1984, is supposed to be dug. In 1984 as well, production of this type grew the most. Brown coal production should be 12.3 million tons, or 7 percent more than expected last year. Hard coal production will continue to stagnate due to lack of reserves of this energy resource.

It is anticipated that 650,000 tons of high-quality coal for specific industrial consumers will be imported. These buyers have special technical requirements. This coal will also substitute for heavy oil in cement-producing plants. There are also plans to export 450,000 tons of coal; this goal will be achieved only if the mines conclude agreements with foreign partners before the Energy Balance is adopted.

Coke Production, Consumption Estimates

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Jan 85 p 3

> [Text] Iron works, forges, non-ferrous metallurgy and related industries will be supplied with 2.67 million tons of coke.

This year 3.5 million tons of coking coal should be imported. This is the same amount planned for last year; it was determined on the basis of last year's average production, necessary coke needs based on specific consumption per planned ton of iron production this year and estimated actual production last year.

Planned purchases of coking coal are less than the capacities of the coking plants, but are not below the needs of those who use coke. The balance also foresees that the coking plants will be used to do contract production for the needs of foreign partners, with the stipulation that reliable supply to domestic consumers not be interrupted for this reason.

The domestic coking plants are expected to purchase 3.5 million tons of coking coal and to produce 2.632 million tons of coke with it. Together with imports of 38,000 tons, this year consumption by producers of ferrous and non-ferrous metals, forges, iron-ingot producers and other users will total 2.67 million tons of coke.

Natural Gas Consumption Forecast

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Jan 85 p 3

[Text] It appears that this year both production and consumption of natural gas will move forward at a rapid pace: it is expected that a total of 7.1 billion standard cubic meters, or 20.7 percent more than last year, will be consumed. For this year, both production and imports of natural gas will be

increased to levels that have not even been approximated in the present intermediate plan, in which this fuel was to be one of the two most important substitutes for imported petroleum.

Domestic fields are to produce 2.6 billion standard cubic meters, or 25 percent more than in 1984, while 4.5 billion cubic meters or 18.4 percent more are to be imported.

In contrast to other fuels, shortages of natural gas rarely occur. If that has happened at times, the reason was imbalance in consumption, rather than difficulties with imports. Generally speaking, natural gas is obtained from the USSR, and much smaller quantities are actually purchased than called for by long-term agreements, since the facilities for which the gas is intended are not completed on time.

If planned gas consumption were reached this year, it would represent a significant step in substituting it for liquid fuel. It is known that 1.2 billion cubic meters of this exceptionally pure fuel can replace a million tons of petroleum. Consumption of 7.1 billion cubic meters thus would be the equivalent of 3.5 million tons of petroleum.

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DEVELOPMENT OF TRS, CROATIAN COMPUTER ENTERPRISE

Zagreb DANAS in Serbo-Croatian 5 Mar 85 pp 13-14

[Article by Ratko Boskovic: "A Computer From a Manufactory"]

[Text] Behind the mildly neoclassical facade of an old building in Kavuriceva Ulica in Zagreb the most interesting recent technological drama in Yugoslavia is taking place (for the third time). In an atmosphere of the dilapidated and dark vestibule of the building, still soiled with dirty snow, dark corridors, and the old plant in the city courtyard reminiscent of the manufactories of the old coppersmiths in a street full of smog and noise (all of this, then, quite far from the ideal of Silicon Valley) a group of people developed a production program which is making TRS [Tvornica racunskih strojeva--Computing Machine Factory] the most interesting producer of computer equipment in Yugoslavia after Iskra and EI-Nis and the only one in Croatia.

TRS also has a prettier side of its face: it is located in Velika Gorica in the form of a large and high industrial building [original reads "enclosure"] (one of the largest investments in electronics in the republic) and a low and modern industrial plant whose very architecture somehow has the flavor of high tech. In Velika Gorica the clean and shining snow of the cold winter morning, the sunny landscape and the pastel colors of the building are still a less important part of the atmospheric features of the abrupt change for the better in production and business which has taken place in the last 2 years in TRS. Far more important is the impression which a visitor today receives in the modern production buildings, which are too small for the production activity of TRS workers, compared, say, with the winter of 1981/82.

Two years ago there was only a woman worker sitting here and there at the assembly lines; today one can hardly enter the rooms of the plant, and even the corridors are crammed with large cardboard cartons containing line printers stacked on pallets with the customer's address: Infosistem Zagreb.

The Bizarre Aspect

Two years ago the atmosphere in these same corridors was more than gloomy. The factory was in receivership, the pay was desperately low, production was vegetating, and engineers who wanted a different pace of work and a different social status were leaving a factory which was going under. The firm's income

doubled (to 28 billion dinars) during 1 year of receivership. Two years after the end of the compulsory measures, pay was doubled, several housing units were allocated to trained personnel, and the creative engineers the chief of the factory's development service had been crying out for were attracted. The OOUR's [basic organization of associated labor] were abolished, and a single work organization was created, whereby production was also unified. And, most important, TRS undertook an altogether new production program which in its technological repercussions for Yugoslavia's development goes far beyond the walls of its factory yard in Zagreb cloaked in smog.

If we are to better understand this almost improbable turnaround and how much it means we need to go back to the past of TRS, since it is more than illustrative of the overall development of electronics in Yugoslavia. That is, TRS has had several rises and falls, and every time in the past when there had been an awakening of enthusiasm in the workplace, and when it seemed that TRS had finally started upward on the very slippery ramp along which are stretched the technological landings of new product generations, the hopes were crushed, and the bitter words of TRS workers and managers could be read in the newspapers.

At the beginning it was truly difficult to foresee that events would take that turn. We quote reports from 1948: "the first computer was produced with just a file in the hand"; it is a time of renewal and construction, the limits of idealism are still far away, "the workers are laying the concrete foundations of the factory," "challenge banners for plan fulfillment" are being won, "the factory is one of the best in Zagreb," "the windows of TRS are lighted all night," conferences on whether the plan will be fulfilled or not are being held every day. And finally, the first 10 automatic computing machines were produced. The plan for the next year was also produced: 10,000 units!

That next year fanatic effort produced 164 machines. The year after that, 1950, a new product was made, the Zagreb M-2 model, and a steady pace was achieved in the technological development of TRS and the Yugoslav industrial branch of business machines. In spite of the many problems (with materials, tools, power cutbacks ...) the quotas were set up for series production, which was achieved in 1954 with now the fourth model, the Zagreb M-4. That was when TRS encountered restrictions for the first time: just as production began to run smoothly, the stock of machines was becoming more and more worn out. Just as production had grown, it became increasingly difficult to import the necessary parts. Just as the hunger for computing machines had grown on the Yugoslav market, TRS ran out of money.

The first series of negotiations began concerning production under license with NFI of Nuremberg, with Japy of Paris (1954), with Seri of Milan (1956) and with Odhner in Sweden. Precisely when TRS began to grow into a true factory, the first results of the economic reform came along: investments in calculators were prohibited, but on the other hand their importation increased. The stores merely packed up the TRS and sent the machines back, and when the factory adopted plans to increase production and exports, the bank cut off credit. Although it did give up on reconstruction of the plant, the plant in the meantime did make the transition to production of electric meters.

At that time, in 1966, electronics came along; "the miracle of the 20th century impressed the workers of TRS," but the impressionability of the workers did not help getting the bank to accept the application for credit, to facilitate the importation of intermediate products or to prevent the first wave of departures by the engineers. A year later, in a painful atmosphere which we can only imagine, the fledgling of the electronics industry was placed in receivership. Yet that was the beginning of a new rise of TRS, at least in terms of the enthusiasm with which negotiations were conducted to purchase licenses, this time with Olivetti, Walther, Basten, Mitsubishi and Nixdorf....

The result of all that were contracts on industrial cooperation with Irodageptehnika valalat (from Hungary), concerning cooperation with Olivetti, and representation of Nixdorf and Cross (a British producer of cash registers). A license was purchased from Precise (Switzerland). The trips extended even to Ritson (Japan) and Smith-Corona (United States). TRS also finally obtained credit, credit in foreign exchange, but the Credit Bank did not make it available. Still the interest and principal had to be paid off, but the "conditions for conduct of business were considerably more difficult.

Then came the two devaluations, and rather bizarre exports--to Mongolia and Albania--resulted from the bizarre itineraries of the TRS professional managers.

The Manufactory

In this "foggy situation," as the economic context of TRS was termed by its director at that time, it is fascinating how TRS development engineers always managed to make innovations in their production. In spite of all the licenses and industrial cooperation, in the first 25 years of its operation the factory managed to launch onto the market two generations of products which essentially altered the way things are done in Yugoslav offices. It is just that the depth and importance of that phenomenon was never studied by anyone in a position of responsibility either then nor to this date, nor was there an answer to TRS's appeals that it be assured a "more uniform and clearer (business) policy," since otherwise its technological plans made absolutely no sense. But TRS always remained alone.

A ray of hope appeared in 1973, when the Community of Common Business Interest Impuls (Tesla, Elka and TRS) was established in Croatia, but Impuls was transformed from the ambition of the founders to create a sample model for beginning of production of computers in Croatia into an experimental example of the failure of the republic to unify the data processing industry at the outset. Nevertheless, TRS and its managers did use the experience with an unrealistic "community of business interest" linkage--it became clear to all that the only real association was the one that came about through the exchange of parts of some particular product at a performance/price ratio acceptable to both sides. Certain receivers who were "borrowed" from the trade sector, so that they easily renewed TRS's ties with Mladinska knjiga, Mladost and Naprijed, probably also contributed to the breakthrough of this conception.

TRS's own products in the group of computer peripherals, which were new, of sufficiently high quality and sufficiently inexpensive, also attracted the attention of Iskra, Intertrade (the IBM representative), Nikola Tesla and other more mature participants in the Yugoslav electronics business. The technological and market standards which they had set up in Yugoslavia and also the technological foundations which Iskra, EI-Nis and numerous private entrepreneurs (in Croatia) had laid soon put TRS in the position of an equal participant. Iskra-Delta even purchased 1,500 TRS printers, Tesla, it seems, was ready to purchase about 1,000, and Intertrade included TRS printers and video display terminals in its systems.

In short, a natural accumulation of business occurred in which there were natural interests and also proper and clear business relations. An automatically operating business arrangement was set up that for the first time brought some real promise to the electronic industry in SR [Socialist Republic] Croatia. But now there was the task of climbing up from its manufactory level.

The highly valuable products of TRS development, line printers of various sizes and characteristics, its own microcomputer systems for business use created on the drawing boards of TRS development engineers from printed circuits, keyboards, monitors, electronic interfaces, to the system software and application software packages, acceptable design and the right level of sophisticated execution, are nevertheless the products of manual labor. This was immediately noted in the factory in Velika Gorica: the most complicated device in that factory making the most complicated parts of medium-large computers was an oscilloscope. After that came a soldering iron, and that was all. Better quality is achieved with this kind of work, but production runs are small, and that makes product prices high. Without large production runs exporting without losses cannot even be imagined, but TRS could not undertake large production runs on its own.

Realism

What is the credibility of TRS now, have any new demands been put on investment projects, we asked the director Bozidar Bogdanovic? At present TRS mainly is doing business with its own capital, we learned, and the bank is offering it help in that it tolerates small overdrafts in the current account. They did not even apply for credits, since they would not have been able to get them. This year they wanted to continue construction of the factory at Velika Gorica (build the warehouses, round out the technology ...), but they will do that only if they can put together between 50 and 20 billion old dinars of their own resources.... There was no point in devoting even a word in the conversation to the notorious problems of importing the equipment necessary for development and production of certain more complicated and modern devices and their special parts.

Is history not repeating itself? Slightly under 500 people have come together in TRS and have demonstrated that they have the skill and can produce a medium-size computer with almost all peripherals. The rise in the productivity of their labor is such that in a short time they could match the growth trend of the productivity of similar small, enterprising, dynamic and innovative

electronics enterprises in the world. Can it be that again there is no one to tell TRS--fine, tell us what you need, how many people, how much money, and what devices so that in 5 years you can sell printers in Silicon Valley!

Both the tone and constructive attitude which are evident in the internal document on the enterprise's long-term development show, for example, that TRS is capable of something linke that. The "status of resources and performances of TRS" was evaluated with merciless realism, the situation in world electronics development was sketched out brilliantly, and Yugoslavia's market was evaluated irreproachably. Finally, a very consistent production program was set forth, but the findings of an analysis dating from the end of 1982 (nothing essential has changed today with respect to the factory's physical condition) are not encouraging at all: machines, devices, fixtures and tools are written off to a high degree (the means of production are technologically out of date), the technical condition is poor, and maintenance of machines and tools is expensive (the adequacy of equipment is quite poor), the level of mechanization is low and there is hardly any automation at all.... We will quote only two points made in the "Conclusion": many elements of TRS resources and performances are weak, there is good reason for concern and for action: satisfactory results cannot be expected unless TRS raises the level of its resources and performances. Signed: Lovro Galic, engineer, director of development.

In 1985 alone and without going outside Yugoslavia TRS faces a market for electronic products estimated at 10 billion dinars, or $350 million. In coming years that market will grow at a rate of 20 percent. Who is going to take charge of it if not TRS?

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ECONOMIST KORAC DISPUTES 'REGRESSIVE' ECONOMIC THEORIES

Zagreb DANAS in Serbo-Croatian 5 Mar 85 pp 42-43

[Article by Dr Miladin Korac, professor at the School of Economics of Belgrade University: "The Range of a 'Critical Theory'"]

[Text] Among the many proposals written for the conference in Skopje on social ownership my attention was especially drawn to the papers by Ivan Maksimovic, Miroljub Labus and Strasimir Popovic. In a paper entitled "View of the Development of the Critical Theory of Social Ownership and Its Empirical Verification in the Yugoslav Economic System" Ivan Maksimovic speaks about a line of theoretical thought in our country which he refers to as the "critical theory of social ownership" and in a note he gives the names of some 30 of our economists who belong to that line of thought (among them 6 authors of papers for that meeting: I. Maksimovic, M. Labus, R. Bozovic, S. Popovic, M. Korosic and M. Cojic).

The very name "critical theory" implies that other theories of social ownership are not critical, but presumably apologetic. The same note states that "Kardelj's position is specific," which probably means that he does not belong to that critical theory either. This was in fact reflected in the actual paper by I. Maksimovic, since in one passage he describes all other economists (and probably lawyers as well) who do not belong to that line of thought as utopists or apologists, and in the concluding section of his paper he discounts their views as orthodox and vulgar. But I will ignore that as well as his absolutely unproven assertion presented in the paper that "it is not in the spirit of Marxist theory to speak about the nonproperty nature of social ownership," since that would have to mean that the person speaking is not a Marxist, but the person who speaks about the property character of social ownership is a Marxist, which in turn implies that that "critical theory of social ownership" of theirs is Marxist, and all others are not.

The Price of Capital

Since even I. Maksimovic notes that there are certain differences among the protagonists of that so-called "critical theory of social ownership," I will point out some of them on the basis of what is written in his, Labus', and Popovic's papers.

At the very beginning of his paper I. Maksimovic says that those economic theorists "take as their point of departure the foundations of our socioeconomic system as defined in the constitution and post-constitutional documents, and in particular, social ownership and self-management as foundations of our economic system." I do not know why there was any need at all to emphasize the relation of their views to the definitions contained in the constitution, since at least for scientists it is quite legitimate to dispute bad arrangements contain (even) in the constitution and to propose better ones. But precisely because he explicitly emphasized this, I will attempt to state where the proposals of M. Labus and S. Popovic would take us as compared to the constitutional arrangements now in effect, since the two of them take the position that the price of social capital is indispensable in our context, and that it seems is the principal criterion for belonging to that line of thought or that "critical theory of social ownership."

I will begin with Labus' paper: "The Charge for the Use of Social Capital," in which he concentrates attention on the distributive and allocative function of that charge on social capital. Looking first at its distributive function, he notes that without that charge, whereby a contribution or rent on social capital would be set aside from the income of work collectives, there is no distribution according to work, and without that kind of distribution there is no social ownership either. However, in taking up the allocative function of the charge on social capital, he notes that once again without that allocative function that charge will not be able to guarantee distribution according to work, i.e., its distributive function, and at the same time he says that in his opinion "there is little chance that the charge on the use of social resources will perform its allocative function in the Yugoslav economy."

But even though neither of these two functions can be performed, in the concluding section of his paper he says that it is necessary "to insist on the charge on the use of social resources as a source of external accumulation and create a (new) mechanism for its allocation." Here he makes reference to Jaroslav Vanek, that is, to his old idea about a central investment fund or "planning mechanism which would assemble social resources (accumulation) through a charge on their use," and would then in turn use those resources for external financing of investments in new or existing work organizations. At the end of his paper Labus goes on to say that that planning mechanism would serve to achieve distribution according to work, whereby the economic essence of social ownership would also be brought about.

On the basis of what is written in this paper I think that it is quite clear that excepting these ideas about the charge on social capital and centralization of accumulation would take us backward, not only compared to what is written in the SFRY Constitution, the Law on Associated Labor, and the Long-Range Economic Stabilization Program about disposition of income and accumulation by the workers, but even compared to what has already been achieved in those respects in the Yugoslav practice of self-management.

Prices and Power

Strasimir Popovic says in his paper entitled "The Compatibility of the Commodity Form of Production and Social Ownership of the Means of Production" that

the present form of social ownership in Yugoslavia does not allow for mobility of the factors of production, so that prices lose their basic function, and even the prices of the factors of production (the price of capital and the price of manpower) cannot be formed unless some "more direct forms of ownership" are introduced into our system. In his opinion there is no independence on the part of economic entities, there is no commodity production and there is no self-management without "various forms of direct ownership of the means of production." In the concluding section of his paper, which he entitled "The Consequences of an Inappropriate Form of Ownership," he gives some examples of the "negligent and wasteful attitude toward social property" and recalls that even our official spokesmen have spoken about the "threat to that property and the privatization of various forms," and at the end he writes as follows:

"If the producers perceive social resources as something alienated, and if they want to use them as much as possible for themselves and even to appropriate them in some way ... then we are talking about something objective which cannot be stamped out with repressive measures, or if it can, that would be at the price of a degradation of society. Instead of repressive measures of an ideological or material nature, perhaps it would be worthwhile to think about this--Isn't the only possible, permanent and humane solution for national resources to be preserved and put to the best use by allowing those forms of ownership which best correspond to the necessary forms of production at the given level of development and which thereby best suit the people as well?" (p 395)

It is quite clear from everything we have presented that Strasimir Popovic's main point in this paper is that social ownership is not consistent with commodity production and self-management and that therefore social ownership, as an inappropriate form of ownership, should be replaced by some other more direct forms of ownership of the means of production. He does not state explicitly what those more direct forms of ownership are which should replace social ownership so that it would be possible under our conditions to establish the prices of the factors of production and guarantee the existence of efficient commodity production and self-management. But since all of those more direct forms of ownership of the means of production are already well known from history (such as, for example, personal ownership, private ownership, group ownership or the ideal public stock ownership and the like), I think that it is quite clear where this would lead us even without any explicit statement of some of those forms, that is, it would take us backward rather than forward from what we have in practice.

So, if, as I. Maksimovic says, Labus and Popovic do in fact take the constitutional commitments as their points of departure, it is quite clear from the content of their papers that at the same time they "are also going backward" from what is written in the constitution, i.e., it is clear that acceptance of their proposals would take us backward, not only compared to what is written in the constitution, but even by comparison with what we have already achieved in practice of those constitutional commitments, since Labus favors centralization of all accumulation in the economy, and Popovic the substitution of more direct forms of ownership for social ownership, since it is an inappropriate form of ownership.

Strong Normativism

But aside from these there are also other differences between these advocates of the "critical theory of social ownership." For example, Ivan Maksimovic does not feel that the charge for the use of social resources, that is, the charge on social capital, requires centralization of all accumulation, but feels rather that accumulation established in that way could remain at the independent disposition of work collectives. Labus on the other hand essentially contests that possibility, since in that case, in his opinion, distribution according to work could not be achieved, and therefore the economic essence of social ownership could not be brought about either. That is probably why I. Maksimovic says in his paper that "social ownership must contain strong normative elements in its economic being," related not only to distribution of income but also to establishment of costs (p 9), in order to eliminate income without work. But it is certain that that strong normativism would have to be realized through direct government regulation or numerous self-management accords and social compacts, which in turn some of the members of this line of thought (for example, Zoran Pjanic) referred to as the consensus economy, which they set in opposition to the market economy.

That is probably why I. Maksimovic felt the need to explicitly emphasize at the same time that that normativism is "inversely proportional in its strength to the degree of market competitiveness achieved," that is, that there would be less of it if there were more competitiveness in the market. We have seen, however, that Strasimir Popovic essentially denies the possibility of greater market competitiveness under our conditions, since he says that social ownership incapacitates the mobility of the factors of production and that prices lose their basic function and that for the sake of efficiency of commodity production and the market, that is, for its greater competitiveness, social ownership, an inappropriate form of ownership, would have to be replaced by some more direct forms of ownership. Yet if I. Maksimovic, by contrast with S. Popovic, were to retain social ownership, but accompanied by that strong normativism which he feels to be inherent in its "economic being," he would in that case expose himself to the risk of being discredited by the members of that same line of thought as a government or consensus economist.

Because of these and other differences which are evident among the members of this "critical theory of social ownership," as I. Maksimovic terms it, I think at the meeting in Skopje was really a good occasion for them to make themselves clear to one another and to introduce at least some uniformity into their views if not to altogether unify them in their doctrine of social ownership, since that would be useful not only to them, but also to those of us who do not belong to that line of thought, so that we at least have a better understanding and finally grasp the true point of this theory of theirs and its possible consequences for our further development of self-management.

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KRAGUJEVAC AUTO PLANT PLANS MODERNIZED PRODUCTION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Mar 85 p 4

[Article by Dusan Ivanovic: "Bringing a Modern Vehicle to a Customer With Foreign Exchange"]

[Text] The news that the "Crvena Zastava" Plants in Kragujevac are involved in a wholesale "spring cleaning" concerning the production of new automobiles (two models: the "Zastava 103" and the "Zastava 104"), which from this distance in time are, to be sure, the backbone of the production program for a few years, suggests the conclusion that our manufacturer has decided not to renounce keeping up with the present-day passenger market. We know that the demands of customers in the world are rigorous: fuel economy, greater safety for driver and passengers in the vehicle, high automobile quality, which can be achieved by introducing computers and robots into the production process, and so on. At the same time, this means that better-quality parts, more electronics, quite a bit of glass, plastic and other modern products which we do not make have to be incorporated into the automobile.

It is obvious, however, that it is no accident that the manufacturer in Kragujevac has committed himself to changing the structure of the technology and to obtaining new subcontractors. This is the only possibility of keeping up with the technical innovations of the world motor car industry, which is on a strong upswing. Let us recall: "Zastava's" ambitions to export at least 50 percent of the new model "Zastava 103," and we know how hard it is to get by in the ever fiercer international competition.

The representatives of the business management team of this manufacturer are pointing, however, to the real difficulties that exist in carrying out a practically new program or in producing the vehicle of the future which will be up-to-date on world highways even at the beginning of the nineties. First of all, it takes an immense amount of capital to develop new models and it is difficult to obtain that capital from its own accumulation, but the view of "Zastava" is also well known: borrowing comes into consideration only up to the amount which can be repaid during the business year. A great deal of hope is also being placed on joint ventures, since the restructuring of production, in which the popular "fica" [a small FIAT model] will be produced in ever more modest quantities, will certainly not be cheap.

The Models of the Future

Although adoption of the "Zastava 103" model is in an advanced phase, for specific reasons, business reasons above all, not much has been learned about this vehicle. Yet it was gratifying news that this automobile would be ready for a test drive in September or October. Once again on this occasion we should emphasize the fact that this is the first domestic automobile not produced under a license.

Although the news about the new vehicle has been rather scanty, we know at least this most basic thing: that this is a medium-size vehicle whose engine has a displacement of 1,100 and 1,300 cubic centimeters, it is about 4 meters long, and has a "semibreak" line, its fuel consumption is between 4 and 5 liters of lead-free gasoline over 100 km, it has low air resistance, and so on.

Commencement of production is planned in the last quarter of 1987, and in April of that year it will be shown at the International Automobile Salon in Belgrade. However much it might seem at first that there is enough time to begin regular production of the "Zastava 103" model, that is an extremely relative question, since it is also necessary for the accompanying industry to be ready, not just those producing the end product. It is normal to count on a vehicle being current over a sufficiently long period of time to pay off the investment and to realize a certain profit and so this naturally would be an up-to-date vehicle ready "... not only for a start, but also for a long drive" on the world market.

The Preconditions

In any case, there is no need at this point to write in more detail about this automobile, but we should add that there is yet another model on the drawing board with the working name "Zastava 104," which will go into production a few years later. What we know about it is that it will resemble a full-sized sedan and will have a stronger engine than the "Zastava 103," whereby our largest automobile manufacturer is obviously giving notice that a thorough change in the production program to meet the requirements of the world market is in the offing.

The move by the "Crvena Zastava" Plants is worth attention, but to some extent it was also compelled, since there is a harsh rule in the automobile industry: either adapt to the laws of demand, or calmly shut down production and move into some other activity. However, this is an important signal for the ancillary industry, since there are more than 10,000 items involved in the end product that is the passenger car--from sheet metal to glass and plastics--so that they have to reorganize as well. Yet there are problems here, since the Plants are spending about $25 million a year just to import sheet metal, and that is just the amount that it would require to pay off all the Plant's foreign exchange debts for 8 years if that product were not imported.

The automobile industry, as the flywheel in development of industry as a whole, eloquently shows that there is much that has to be changed in the production of parts as well--from electronics to plastics. After all, all of this has to be undertaken if the factories in Kragujevac are to produce the modern automobiles which are the future of the auto industry.

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